THE LATER POLITICAL CAREER OF R. A. BUTLER 1951-1964

by

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Abstract

R. A. Butler was one of the most influential and yet enigmatic of twentieth century politicians. He did more than anyone to stimulate the revival of post-war Conservatism, which led to three consecutive general election victories. He was a powerful figure in all Conservative Cabinets from 1951 to 1964, serving in each of the three main offices of state, and he nearly became Prime Minister twice.

This thesis seeks to challenge the commonly held belief that the post-war Conservative policies developed by Butler represented an acceptance of the mixed-economy welfare-state, as established by the Labour Government between 1945 and 1951. The weakness of the Conservatives' electoral position had led Butler to accept the need for state intervention in the economy and social policy in the late 1940s. However, in the various positions occupied by Butler after 1951, he pursued a distinctive course in economic and social policy. He sought to reclaim a far greater role for private enterprise, individual initiative and responsiblity; the traditional themes of Tory philosophy. This involved the creation of a free-enterprise economy and an 'opportunity' as opposed to a 'welfare' state. Butler's reputation for ambiguity, evasiveness and indecision obscured this political achievement at the time - playing a part in his failure to gain the Party leadership - and his record has not been recognised by biographers and historians subsequently.

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Abbreviations

The following abbreviations appear in the text and notes:

CAB	Cabinet Papers and Memoranda
CC	Cabinet Conclusions
CCO	Conservative Central Office
CPA	Conservative Party Archive
CPC	Conservative Political Centre
CRD	Conservative Research Department
DSND	Papers of Lord Duncan-Sandys
ED	Ministry of Education Files
EEC	European Economic Community
GNP	Gross National Product
HAIS	Private Papers of Lord Hailes
KLMR	Private Papers of Lord Kilmuir
MHLG	Ministry of Housing and Local Government Files
NEDC	National Economic Development Council
NHS	National Health Service
NIC	National Incomes Commission
PPS	Parliamentary Private Secretary
PREM	Papers of the Prime Minister's Office
PRO	Public Record Office
PSG	Policy Studies Group
RAB	Private Papers of R. A. Butler
RPM	Resale Price Maintenance
SC	Steering Committee
SELO	Private Papers of Lord Selwyn-Lloyd
SWIN	Private Papers of Lord Swinton
T	Treasury Files
TPC	Taxation Policy Committee

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Signed.....

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Introduction

Richard Austen Butler, popularly known as RAB throughout his career, was one of the most eminent British statesmen of the mid-twentieth century. A junior Minister between 1932 and 1945, he was the key figure in the revival of post-war Conservatism, playing a major part in shaping Conservative policies which contributed to three successive general election victories. From 1951, when the Conservatives were returned to power, until 1964 Butler held every senior ministerial post including the Exchequer, the Home Office and the Foreign Office. On at least two occasions, in 1957 and 1963, he had a chance to become Prime Minister. This thesis provides a reappraisal of this most important period in his career, in the history of the Conservative Party and in post-war British politics.

There have been a number of biographies of Butler. Anthony Howard's RAB The Life of R. A. Butler, an authorised biography, provides a graphic insight into the high political context of Butler's entire life. It is particularly strong on the enigmatic aspects of his personality. D. R. Thorpe's chapter on Butler in The Uncrowned Prime Ministers concentrates on the reasons why he did not become Prime Minister. Patrick Cosgrave in R. A. Butler: An English Life gives a brief but perceptive analysis of Butler's character. Butler's own autobiography, The Art of the Possible, which earned him widespread praise and respect for its apparent self-revelation and criticism in contrast to many self-serving memoirs, was in fact

largely ghost-written.(1) However, these works cover Butler's entire career and are therefore not able to provide a detailed analysis of the period from 1951 to 1964, when his career was at its height. They have not been able to take advantage of newly released Government papers at the Public Record Office, Kew, the Conservative Party Archive at the Bodleian Library, Oxford, and the private papers of other leading politicians of the time. Most importantly, the literature on Butler accepts the widely held view of him as the leading Conservative advocate of the 'post-war consensus'.

Given the above it would seem relatively straightforward to reassess Butler as a consensus politician - to argue that he was either more or less a politician of that sort. However, such uncomplicated revisionism comes up against a major problem. The term 'consensus', which his career has been measured against, is itself hotly contested and a moving target.

The long-running 'consensus debate' provides an inescapable context for any reconsideration of Butler's later career, and so must be considered in some detail. Broadly speaking, two schools of thought have developed over the past twenty years. Paul Addison in his 1975 book, The Road to 1945, was the first to achieve prominence by explaining post-war politics in terms of a war-generated elite consensus consisting of a broad commitment by all parties to a mixed economy of state owned and private enterprise, full employment, and a state health, social security and

education system (the welfare state). He believed that the Labour Government of 1945-51 'completed and consolidated' the proposals of the coalition, which were positively embraced by the Conservative Party in government after 1951. The war had inaugurated a period of closer party co-operation, later sustained by growing economic prosperity and popularly known as Butskellism.(2) According to Addison, '... in their different ways the two main parties (now) lacked ideological purpose.'(3) Although he modified his terminology - later preferring the phrase 'post-war settlement' to consensus - Addison's general thesis came to dominate interpretations of post-1945 politics and has found many adherents.(4)

Rodney Lowe, for example, has endorsed this general line in relation to the welfare state, by defining consensus as

> ... an historically unusual degree of agreement... in the full range of social and economic policies by which post-war government sought to fulfil its positive commitment to promote the welfare of all its citizens.

However, he qualifies this by asserting that the consensus was constantly shifting and that it was passive rather than active, dictating what could not rather than what could be done by the state. He accepts that it co-existed with bitter adversarial party politics but, 'public opinion, particularly as perceived at elections, demanded social security and 'full' employment.' He regards the resignation of Peter Thorneycroft as Chancellor in 1958, over the level of public spending, as evidence that the consensus was maintained primarily for electoral reasons.(5)

In addition, Keith Middlemas has extended Addison's thesis to focus on the continuity in industrial policy. In his view, the 1944 White Paper on Employment formed the basis of a new social contract between the trade unions, the employers and the government. He contends that this 'corporatist' form of economic management, in which the overriding goal was the maintenance of full employment, was accepted by all governments between 1945 and 1974.(6)

The persuasiveness of the case for consensus was such that it quickly found its way into textbook accounts of the period. In their study Dennis Kavanagh and Peter Morris contend that consensus politics was inextricably linked with policy-making as an elite process. There were discernible and significant continuities in policy within,

> ... a set of parameters which bounded the set of policy options regarded by senior politicians and civil servants as administratively practicable, economically affordable and politically acceptable.

They identify five main planks of the consensus: commitment to a mixed economy, full employment, state welfare, conciliation of trade unions, and agreement on decolonisation, nuclear defence and NATO (although the consensus debate has in the past tended to focus on domestic policy). They argue that any differences were ones of rhetoric rather than substance, with the Tories emphasising freedom of opportunity, private enterprise and a 'property owning democracy', while Labour stressed equality and economic planning.(7)

In a further textbook study, David Dutton argues that, 'Disputes were less about absolutes than questions of 'more' or 'less'.' The question was not whether there should be state welfare but the level of benefits and the range of entitlements. With regard to public ownership the question was the extent of state regulation. Both parties contained wings which dissented from the ruling orthodoxy, but the left-wing Conservative and right-wing Labour leadership remained committed to the 'middle ground' of politics. They calculated that the voters would punish parties that veered too sharply from the main aspects of the consensus. Dutton, in common with many writers on consensus, makes much of the invention of 'Mr Butskell', a combination of Butler and his Labour predecessor as Chancellor, Hugh Gaitskell, designed to indicate the cross-party commitment to the mixed economy and Keynesian management techniques to maintain full employment and the welfare state. Before the 1959 general election a public opinion poll revealed that almost 40 per cent of voters believed that it made no difference which party was in power. There was widespread contentment at growing prosperity and so elections became a choice of men rather than measures. This seemed particularly true in 1961 when the Conservative Government moved towards the Labour policy of more planning and controls to encourage economic growth and increased spending on welfare. Dutton feels that the election manifestoes of the two parties in 1964 were closer than at any time in the previous forty years. He concludes that Labour probably won on the successful projection of an image rather than on an alternative set of policies.(8)

Many scholars, however, have cast doubt on the consensus argument as outlined by Addison and his supporters. Hence over the past decade there has emerged a second school of thought, comprising some who question the existence of consensus at all. Ben Pimlott makes the point that a very different picture emerges if consensus is defined as,

> ... not when people merely agree, but when they are happy agreeing, are not constrained to agree, and leave few of their number outside the broad parameters of their agreement.

While acknowledging that the wartime coalition represented a 'remarkably innovative' episode in British politics, Pimlott argues that the notion of a consensus is, '... a mirage, an illusion that rapidly fades the closer one gets to it.' He believes that the consensus thesis is as much about the present as the past; indeed the phrase was not popularised before the 1970s. It was used in a negative sense by the 'New Right' to underline the shift towards a more adversarial age when Margaret Thatcher was attacking key aspects of the post-war settlement, which they held responsible for Britain's economic decline, and by Labour left-wingers who blamed consensus for the failure of Labour governments to achieve a socialist society. At the same time, the idea of consensus was viewed positively by Conservative 'wets' who rejected the extremes of Thatcherism, and by Labour right-wingers who despaired of their Party's shift to the left in the early 1980s. Pimlott argues that they, and historians, have made the mistake of seeing more agreement in the past than was actually the case. There was little sign that leading politicians

regarded themselves as part of a consensus at the time, nor by some accounts did this seem true of the electorate. He points to evidence suggesting that, despite electoral stability, there were high levels of party identification, class-based voting, and an insignificant centre. Pimlott concludes that events after 1945 were shaped as much by dispute as by co-operation.(9)

Others have focused on particular periods or administrations to modify the notion of consensus. From his work on the wartime coalition Kevin Jefferys claims that, '... apart from the recognition that particular issues would have to be tackled, the parties were in many ways as far apart on social issues as they had been before 1939.' The proposals which the coalition did devise, mostly in the form of white papers, were not intended as binding commitments upon a future government and were sufficiently ambiguous as to be open to differing interpretations. They represented compromises between the maximum concessions which the Conservative Party was prepared to make and the minimum demands which would satisfy the Labour Party. Only legislation on education and family allowances reached the statute book before the end of the war. There were major differences between the parties which revealed themselves in the bitterness of the 1945 general election campaign. While the Conservative Party was committed to introducing the White Paper reforms, it envisaged only a gradual extension of the state's powers and the retention of a major place for private over public enterprise. Jefferys concludes that

while a consensus did emerge in the 1940s it cannot be explained by wartime experiences, but by other factors such as the landslide Tory defeat of 1945 and the narrow Tory victory in 1951. Both sides arrived at 'consensus by default'.(10)

Concentrating on events after the war, Harriet Jones and Michael Kandiah have argued that far from meekly accepting Labour's reforms after their landslide defeat, the Tories in opposition devised an alternative programme which decisively rejected the notion of the state acting as an agent for redistribution. Economic inequality was felt to be necessary both to generate new wealth and to preserve individual freedom. The acceptance of the need for full employment and a welfare state reflected the Tories' concern at what they perceived to be fragile electoral support among the 'working class two-thirds' necessary to win an election. Kandiah asserts that, '... the focus on final outcomes rather than on the reasons for and situations behind those results... has concealed more than it has revealed.' There was no transformation of Conservative Party policy but a confirmation of past practices. Harriet Jones goes further in suggesting that after 1951 the aim of Conservative policy was to reduce public expenditure and taxation. In the National Health Service (NHS) this involved the adoption and extension of charges for specific services; elsewhere it meant a shift towards means testing in social security, the defence of tripartite selective education, and the encouragement of home ownership. She concludes that,

> ... by cutting taxes and reorienting the social

> services around the question of need, by lifting controls and returning to a broad emphasis on consumerism and the free market, the Conservatives were rejecting the values that had governed the country during the war and the Attlee years.(11)

Finally, one sceptic on consensus has focused particularly on post-war economic policy. Neil Rollings laments the lack of an agreed working definition of consensus or Butskellism, terms which he says have too readily become interchangeable in the historiography of the period. He defines the latter term as a broad similarity in economic policy and beliefs based around the use of Keynesian demand management to maintain full employment. Rollings makes the case that although the Labour Government began the process of removing controls, it remained committed into the 1950s to the maintenance of certain direct economic controls such as food subsidies and import/export quotas. In contrast, the Conservative Government enthusiastically removed subsidies and controls and subjected the economy to market forces. The steel and road haulage industries were denationalised at the same time as Labour made plans for further nationalisation. The Conservative commitment to full employment was limited to the extent that it fitted in with other more traditional Tory concerns such as free enterprise, balanced budgets, confidence in sterling and convertibility. In fact, Rollings believes that government policy had little to do with the maintenance of full employment which owed more to global expansion. He feels there was a greater degree of apparent similarity in the nature and objectives of Conservative and Labour economic policy than was actually the case.(12)

After outlining the two main schools of thought, it is tempting to agree with the recent view that the consensus debate is in danger of becoming bogged down, partly because of the lack of an agreed definition. Consensus is clearly an amorphous concept, elusive and constantly changing over time (and perhaps between different policy areas). One can therefore sympathise with the view that 'consensus obscures as much as it illuminates'.(13) Yet, tempting though it is to conclude that the notion of consensus is itself at fault, in the absence of other labels to characterise the operation of post-war politics, it is as difficult to avoid its usage as it is to separate it from Butler's career.

It has been convenient to argue that Butler was a consensus politician in a government of a markedly non-consensual nature. However, Butler's reputation as hitherto understood by his biographers obscures the reality of much of his work. By examining the nature of his contribution to policy-making from a broader perspective than just his departmental responsibilities, drawing together work from several disciplines including political science, economics and social policy, this thesis shows that Butler's natural home was in the vanguard of traditional Conservatism.

In office, as Chancellor, Leader of the House of Commons, Home Secretary, and to a lesser extent as Foreign Secretary, Butler was at the heart of the policy-making process. However, he rarely used his influence, it is argued, in order to perpetuate the type of society Labour sought to

create after 1945. Rather, within the considerable constraints of the time, he attempted to pursue, with varying degrees of success, more distinctively Conservative policies giving a renewed and updated emphasis to free enterprise and individual initiative. In assessing the specific imprint of Butler's influence, any continuities in policy during the 1950s are best explained by economic or electoral constraints (to be highlighted below) rather than by any genuine convergence of views between the parties. If the above is adopted as a definition, then what characterises British politics and Butler's career at this time was a superficial, constrained, even tactical regard for the 'centre-ground', subsequently labelled 'consensus' by some historians. If it is true to say that Butler's image as a consensus politician was imposed upon him, it was one that his own personality did nothing to dispel and much to confirm.

As a major concern of post-war historians in recent years, the 'consensus debate' inevitably colours any reconsideration of Butler's career. Yet this problem is compounded by another major theme in what follows: the effect of Butler's enigmatic and evasive personality on his changing fortunes within the Conservative hierarchy after 1951, which can only be understood by briefly outlining his earlier career.

Butler was not a natural 'progressive'. His credentials in that respect are open to question. He was born in 1902 into a middle class family with a long record of public service,

and had a privileged education at Marlborough and Cambridge. Marriage to Sydney Courtauld, the textile heiress, brought him the necessary wealth to pursue a political career. He was elected Member of Parliament for Saffron Walden in Essex in 1929, a seat he held for 36 years. Butler seemed to make an almost effortless rise up the political ladder, which did not endear him to all Tory MPs. His loyalty to the leadership of Stanley Baldwin and Neville Chamberlain secured him appointments as Parliamentary Secretary at the India Office from 1932 to 1937, and then at the Foreign Office from 1938 to 1941. He was therefore preoccupied with external affairs for most of the 1930s, but in all things he showed himself to be an orthodox Party man - a characteristic which Butler retained throughout his career. In a brief spell at the Ministry of Labour in 1937-8 Butler was unwilling to consider the radical solutions to the unemployment problem put forward by his contemporary, Harold Macmillan, in his book, The Middle Way. From 1932 to 1935 he was assailed by the Party's right wing for his willingness to concede moves toward self-government for India, and thereafter as much by the left as the right for his stonewalling defence of the appeasement of Nazi Germany.

It was in this last cause that Butler revealed an equivocal side to his character, which led David Lloyd-George to call him the 'artful dodger'. At the same time he acquired a reputation for being notoriously indiscreet which blurred his political stance. Harold Nicolson observed that,

> He is a curious man. I have a suspicion that he does not really agree with the appeasement policy and has

all along been on our side.(14)

Yet the scandal over Butler's reportedly defeatist comments to the Swedish Ambassador in June 1940 seemed to indicate the opposite. His Parliamentary Private Secretary (PPS), Henry 'Chips' Channon, himself an enthusiastic appeaser, reflected that,

> He treats everyone as an oriental and plays with us all. He sometimes looks and appears as most ingenuous, even naif, but only a fool would be deceived. If he had more outward gifts he might be PM.(15)

This particular aspect of Butler's character proved to be a double-edged sword. While it eased his climb up the political ladder and enabled him to survive and prosper under a number of Tory leaders, his evasiveness and ambiguity aroused suspicion of his motives and made it impossible to know where he stood on certain issues. A favourite parliamentary story told,

> ... how Rab, if asked the time, would congratulate the honourable member on his question, discuss different measurements of time, heavily endorse the importance of time keeping, but fail to actually give the answer.(16)

As a result he attracted detractors as well as admirers at all levels and from all sides within the Tory Party. In particular, the 'Munichois' stain on his character was held against him by those Tory MPs whose post-war reputations were founded on resistance to appeasement in the late 1930s.

Winston Churchill, the leader of the war-time coalition, was not overly impressed. In 1941 he moved Butler to what he regarded as the political backwater of the Board of Education. Butler turned this apparent snub to his own

advantage. As Chairman of the Party's Post-War Problems Central Committee he was among the first in the Conservative Party to come to terms with the increased demand for social and economic reform engendered by the war. His apparently progressive instincts reflected compelling electoral arguments rather than an ideological commitment. It was significant that Butler followed the maxim that politics was the art of the possible rather than the art of the desirable. Labour MP Richard Crossman asserted that,

> The art of government, in his view, is to yield to the forces of change and then to harness them in time to prevent the disintegration of authority.(17)

This was particularly true of the 1944 Education Act, which was largely based on proposals made before the war. The essentially cautious measure was portrayed as an example of Conservative commitment to social reform, and it made Butler into a national figure. The Butler Act did nothing to integrate the public schools within the state system and, by establishing selection at eleven, ensured a better education for a minority in grammar schools while the majority had to make do with secondary modern schools. All the same the Labour Government did not seek to change it after 1945 and it remained the basis for the country's education system for a generation.(18)

Butler's reward was to be appointed as Minister of Labour in Churchill's caretaker administration of May-July 1945. For the Chamberlainite arch-appeaser it had been a 'good war', and the apparently effortless ease with which he switched

loyalties was perhaps galling for those Tory MPs, such as Harold Macmillan and Duncan Sandys, whose post-war reputations were founded on resistance to appeasement in the late 1930s. Yet by harnessing the forces of change Butler had advanced his own interests and those of his Party. This was not true of other areas of social policy where the Tories had not been so active during the war years.

After 1945 the Labour Government's social policy legislation was introduced amidst much controversy. The Conservatives were reluctant to embrace the new mixed economy/welfare state, at least in the form it was intended by Attlee's ministers. An internal debate went on inside the Party, led by Butler as Chairman of the Conservative Research Department (CRD), which saw the development of a distinctive set of ideas about how the economy and welfare state should be managed. Here the grounds of consensus are sometimes discerned, but neither Labour nor Conservative politicians were conscious of a convergence of their policies at the time. Butler later recalled that his aim had been to give the Party 'a painless but permanent facelift', which relied more on impressionism than substance. Michael Fraser, Director of the CRD for many years, felt that,

> The real position was like that of two trains, starting off from parallel platforms at some great London terminus and running for a time on broadly parallel lines but always heading for very different destinations.(19)

By 1951 the Conservatives, as another critic of the consensus school of thought - Howard Glennerster - has argued, were in the process of developing a clear and

coherent alternative. Labour maintained its belief in council house building as the primary means to solve the housing shortage, while Conservative policy was prepared to give a much larger role to the private sector. On health and social security, the Tory Party opposed the principle of universal benefits given regardless of need, and instead advocated means testing and charges for specific services. In economic policy, the Industrial Charter of 1947 sought to reclaim a major role for traditional Conservative themes such as individual initiative and private enterprise, which were repeated in the 1950 and 1951 manifestoes. The Party strongly opposed steel and road haulage nationalisation and pledged itself to reverse any such measures once in office. It was also able to take advantage of a new mood in the country for an end to wartime austerity and controls, and high taxation. 'Set the People Free' seemed a convincing electoral slogan for the Tories, and they went into the general election of October 1951 with a distinctive social and economic policy, which did not merely accept passively the Labour Government's reforms.(20)

Back in office for the fist time since 1945, and for the first time as the single party of government since 1929, the Conservative majority of sixteen, and a smaller share of the vote than Labour, induced a modicum of caution. As Party analysts saw it, they ran a risk of confirming the continuing deep suspicion of the Party among a large section of the working classes, who feared a return to the 'laissez-faire' conditions of the 1930s. Equally, they feared

antagonising the middle classes, whose votes had ensured the Tory victory, and who expected a rolling back of the state and lower taxes.(21) Thus Butler, whose good work had led to his promotion as Chancellor, faced a dilemma. He was expected to perform a balancing act between pushing ahead with radical policies and seeking to maintain the support of working class voters, many of whom seemed content with the domestic 'status quo' as bequeathed by Labour. Such a task was clearly difficult, and as a consequence Butler confirmed his unfair reputation among his colleagues for indecision and equivocation: policy and personality were to come together in ways that help to explain his failure to climb to the very top of the 'greasy pole'.

How then are the twin themes of the place of consensus and changing personal fortunes developed in what follows? Chapter One examines Butler's role as Chancellor of the Exchequer from 1951 to 1954. Butler later expressed surprise at his appointment to arguably the most important job in the Government, but it reflected the credit given to him for transforming the Conservative Party's fortunes, and made him indispensable to its maintenance. By 1954, as we have seen, he had been labelled 'Mr Butskell' to indicate his similarity in policy terms to his Labour predecessor, Hugh Gaitskell. Yet it is argued here that there were important differences. Butler reintroduced the use of Bank Rate to regulate supply and demand, something that Labour Chancellors had consistently refused to do. In addition, his willingness to consider the ROBOT plan to let sterling find its own value in the market place instead of being fixed by

the Government, would have had important consequences for wage and price stability, and may well have induced a 'flight of capital' and even threatened full employment. If nothing else, it confirmed that Butler's image of consensus was imposed upon him by more cautious colleagues, including Churchill, Eden and Woolton, who arguably were better candidates for the consensus label.

In other areas Butler's Conservatism showed more signs of success. The Labour Government may have started the process of scrapping controls and subsidies, but Butler set about the task with gusto. Although the majority of the 300,000 houses per year target were built by local authorities for rent, Butler was concerned at the level of Government spending. On housing he successfully argued in Cabinet for a shift in the emphasis of policy towards the production of unsubsidised houses by private builders. On health and education Butler restricted spending to the minimum required to maintain services. He committed himself to the introduction of health charges and to the defence of selection in education, opposing any move towards comprehensive schools, a change which was finding increasing favour in Labour ranks.(22)

At the same time Butler was able to make two reductions in income tax in 1953 and 1955, which largely benefited salaried workers and those on fixed incomes. It seemed that Butler, despite a difficult juggling act, had successfully managed to 'set the people free' while at the same time

maintaining the welfare state. It may not have been unconnected but the Conservatives, led by Sir Anthony Eden, were returned to power with an increased majority of sixty seats in May 1955. Butler became the new heir apparent.

Chapter Two deals with Butler's last months as Chancellor and his time as Leader of the House of Commons under Eden's Premiership from 1955 to 1957. The period marked a low point in his career. With a secure majority Butler had hoped that he would be able to make progress towards a more distinctly Conservative economic policy and hence lower public spending. His concern for the long-term economic situation appeared fully justified as he lost control of the economic boom culminating in a balance of payments crisis in the second half of 1955. Butler wished to embark upon radical changes in policy, but his colleagues overruled him, with the result that his autumn Budget did little to effect a substantial reduction in Government expenditure or deal with inflationary wage increases. He was removed from the Treasury in December 1955.

Despite an uneasy relationship with Eden and the damage done to his reputation by his last months as Chancellor, Butler sought to reassert his influence over policy as Leader of the House of Commons. He was extremely concerned at the cost of excessive wage settlements, and he chaired the Cabinet committee which in March 1956 published a white paper emphasising the need for voluntary wage restraint. In addition, Butler's chairmanship of the Cabinet's Social Services Committee in 1956 found that welfare spending as a

proportion of Gross National Product (GNP) had fallen from 40 per cent to 36 per cent by 1958.(23) However, any credit he may have gained for reasserting his influence over policy making was lost in the controversy surrounding Butler's doubts about the Government's response to the Suez crisis. Although his public statements supported the Government's position, his manner and private comments seemed to indicate the opposite. This was the decisive factor in Butler's failure to win the succession from Harold Macmillan.

Chapter Three discusses Butler's rehabilitation and recovery between January 1957 and October 1959. Macmillan soon established a dominance in his relationship with Butler, by refusing his request to become Foreign Secretary and consigning him instead to the Home Office, where his reforms antagonised Tory traditionalists. However, he maintained an influential role in policy-making, and often deputised for Macmillan when the Prime Minister made his frequent trips abroad.

The resignation of the entire Treasury team in January 1958, due to the Cabinet's refusal to agree to further cuts in spending, has been interpreted by some commentators as a sell-out to the demands of those Ministers seeking to appease the working classes, whose support seemed crucial to Conservative electoral prospects. Even if it were true, it did not affect Butler very much. Although he was quick to rejoice in their going, there is no evidence that he took the lead in pushing the Treasury team out. Besides in policy

terms Butler had rarely been an advocate of high spending; he was just more pragmatic about how, when and where cuts should be made.

In fact, Butler sought bold changes in economic and social policy. In a memorandum to Macmillan in Febraury 1958, he wrote of wanting to develop an 'opportunity' as opposed to a 'welfare' state, in which state intervention encouraged individual responsibility and effort by such means as tax reductions. Butler's vision was reflected in Government action. New council building was drastically reduced in favour of private building, and rented private property at economic rents. In the field of social security, graduated national insurance contributions and a contracting out provision targeted benefits to those most in need, while those who could afford to were encouraged to make their own arrangements. The Government maintained its commitment to selective education with a major scheme to improve standards in secondary modern schools.(24)

Chapter Four reappraises the period from October 1959 to July 1962. Economic prosperity had helped to ensure a third Conservative victory in the general election of October 1959. Party analysts believed that to hang on to the votes of affluent workers the Government needed to embark upon an expensive 'modernisation' programme in the education and health services. However, Butler, having stalled such measures as Chancellor, was never happy with such a materialist emphasis and was rather dubious about the 'new approach'. As Party Chairman after 1959 he stressed the need

for individual responsibility as well as opportunity by emphasising the 'spiritual' side of politics. His concern appeared justified as economic difficulties made it increasingly difficult to increase spending and cut taxes at the same time.

Butler's loss of influence was confirmed by Macmillan's shift towards more planning in the economy, most notably in the establishment of the National Economic Development Council (NEDC), and a permanent incomes policy to restrain labour costs and inflation.(25) As the Chancellor who had 'set the people free' Butler was disappointed that the Government had admitted that Conservative 'freedom' no longer appeared to work, and had instead adopted a policy similar to that of the Labour Party. It is ironic that at a time when the period quality of consensus was at its most pronounced during the years 1951-64, Butler was increasingly isolated and out of step with Government policy.

Dissatisfaction with these changes encouraged a so-called 'middle class revolt' among Tory supporters in local and by-elections. Butler was forced to take responsibility for this downturn, which was none of his making, in his humiliating removal as Party Chairman and Leader of the House of Commons in October 1961. He was to suffer further, being removed from the Home Office in the 'night of the long knives' in July 1962.

The changes marked the beginning of Butler's move away from

home affairs. Chapter Five examines the final stage of Butler's ministerial career from July 1962 to the Conservatives' election defeat in October 1964, during which time he was gradually excluded from any influential role in policy making. As Deputy Prime Minister and First Secretary of State, Butler was even more closely subordinated to Macmillan. His appointment to oversee other key aspects of the 'modernisation' programme - Britain's application to join the European Economic Community (EEC), and the withdrawal from imperial commitments such as the peaceful abolition of the Central African Federation - were, no doubt, essential acts of public service. They nevertheless involved him in radical changes in Conservative policy which aroused the hostility of the right wing and the suspicion of the left wing of the Tory Party.

Butler's own ambivalence about the application to join the EEC was well founded in the light of President de Gaulle's veto, which together with the poor handling of the Vassall and Profumo spy scandals in 1963, increased speculation about Macmillan's leadership. They also highlighted Butler's waning influence. However, he still hoped to emerge from a large number of candidates as the automatic choice for the succession. Macmillan's determination that Butler should not succeed him and Butler's refusal, in Enoch Powell's words, to 'pull the trigger', ensured his ultimate failure in the leadership crisis of October 1963.(26)

Despite his disappointment Butler hoped to retain influence as the elder statesman of the Government. His appointment as

Foreign Secretary by Sir Alec Douglas-Home, the new Prime Minister, accelerated the process of marginalisation begun by Macmillan. Butler's warnings about the dangers of relying on a reflationary boom to ensure a fourth Conservative election victory were ignored despite their validity. No major role was envisaged for Butler after the Tories' election defeat in October 1964, and in January 1965 he left politics for the Mastership of Trinity College, Cambridge.

Butler was a far more complex figure than his portrayal as one half of the 'Butskell' double act would suggest. As a leading member of the Conservative Governments after 1951, Butler's career is one lens or medium through which the whole concept of consensus can be refined or even rejected. This thesis accepts that a sort of consensus or enforced middle ground existed in the 1950s, to the extent that the Tories felt themselves bound by a number of restrictions, which militated against a decisive break from the past. Within these constraints Butler's relationship to consensus was tenuous in the extreme. Throughout he pursued a distinctive agenda in economic and social policy, based on the traditional Tory themes of individual responsibility and free enterprise. In addition, a link needs to be made between consensus and the effect of its association with Butler on his position within the Conservative Party. Although Butler pursued radical policies, this was not the perception of many Tories, nor of the country at large which saw him as the guarantor of the Tory acceptance of the mixed economy/welfare state. This was an unfair reputation which

Butler's enigmatic personality did little to correct, and indeed seemed to reinforce, to the detriment of his own leadership ambitions.

Notes for Introduction

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1

'Setting the people free'

Butler as Chancellor of the Exchequer 1951-1954

Introduction

The Conservative victory in the General Election of 26th October 1951 propelled Rab Butler into one of the key positions in the Government, that of Chancellor of the Exchequer. Victory and his new position gave him the chance to show that the Conservatives were not only the party of individual freedom and free enterprise, but that these virtues could be combined with the preservation of full employment and the welfare state, as outlined in the Conservative manifesto, Britain, Strong and Free.

The strength of the Labour performance (polling more votes if fewer seats) showed that there continued to be a large body of voters who were not convinced by Tory propaganda and who remained suspicious of the Conservative Party. Harold Macmillan recorded in his diary that,

> The truth is that the Socialists have fought the election (very astutely) not on Socialism but on Fear. Fear of unemployment; fear of reduced wages; fear of reduced social benefits; fear of war. These four fears have been brilliantly, if unscrupulously, exploited. If, before the next election, none of these fears have proved reasonable, we may be able to force the Opposition to fight on Socialism. Then we can win.(1)

However, victory had been secured by the support of the middle classes who oppposed high levels of Government spending, and the high taxes necessary to pay for it.(2) The Government would have to perform a very delicate balancing

act in order to conciliate these two contradictory and incompatible sources of support.

Butler was primarily appointed as Chancellor for his political skills. Geoffrey Lloyd, a fellow MP, was probably correct when he observed that,

> Rab's position was much strengthened by the narrow result. In these circumstances it would have been more than ever dangerous to have the other fellow (Oliver Lyttelton) at the Treasury.(3)

Both Winston Churchill and Anthony Eden thought he would be better than his right wing rival, Oliver Lyttelton, at handling the House of Commons, and in dealing with threats to the pound without resorting to harsh domestic measures. The Manchester Guardian declared that Butler was, '... rather more suave in manner and is more closely identified with the Welfare State.' If the Government had to take difficult steps, Butler would take them '... with the best bedside manner.'(4) In fact commentators tended to complain that Conservative policy was indistinguishable from that of the Labour Party, leading to the use of the terms 'Mr Butskell' and 'Butskellism', devised by The Economist in 1954. 'Mr Butskell' was,

> ... a composite of the present Chancellor and the previous one [Hugh Gaitskell].... Whenever there is a tendency to excess Conservatism within the Conservative Party - such as a clamour for too much imperial preference, for a wild dash to convertibility, or even for a little more unemployment to teach the workers a lesson - Mr Butskell speaks up for the cause of moderation from the Government side of the House; when there is a clamour for even graver irresponsibilities from the Labour benches, Mr Butskell has hitherto spoken up from the other.(5)

The Economist article did Butler a lot of harm among those Conservatives who had always suspected, wrongly, that he was

a 'milk and water socialist'. It was a label which was to hang like a millstone around his neck for the rest of his political career, and it almost certainly blighted his leadership ambitions.

These perceptions have become entrenched in the historiography of the period, notably in Anthony Howard's biography of Butler.(6) Traditionally Butler has been portrayed as the leading Conservative advocate of the post-war 'consensus', the mixed economy - welfare state, as established by the Labour Government of 1945-51. However, the evidence suggests that Butler was not the consensual figure that he has widely been portrayed as being. In his memoirs Butler asserted that,

> Both of us (Butler and Gaitskell), it is true, spoke the language of Keynesianism. But we spoke it with different accents and with a differing emphasis.

They shared common methods, but their ends were very distinct. Butler was convinced that Keynesian economic policy offered a secure foundation for competition, individualism, and the survival of capitalism, whereas Gaitskell was convinced that the same means could secure the purposes of socialist collectivism. Butler accepted the argument put forward by The Economist that he needed to do more than simply keep the Socialist policy he inherited on an even keel.(7)

The paradox was that those who sought to impose constraints upon Butler, to prevent him being too progressive, proved to be vigorous defenders of the status quo themselves.

Although Butler was committed to the maintenance of full employment and a welfare state, he wanted to develop a distinctive Conservative policy which, in the short term, might have had an adverse electoral impact. However, most of his Cabinet colleagues wanted no changes that might threaten their fragile hold on power. They saw the preservation of the status-quo as the only path to electoral success. This has been the dominant view of the Conservative Governments of 1951 to 1964. Robert Hall, Director of the Economic Section at the Cabinet Office, observed that, '... it was rather sad to see how difficult it will be for the Tories to do what is needed without breaking most of their election pledges.'(8)

Butler had become in Macmillan's view the third person in the political hierarchy, but he was officially placed fifth in the Cabinet pecking order, behind Eden, Lord Woolton, Lord Salisbury, and Sir David Maxwell-Fyfe. He managed to obstruct the appointment of Sir John Anderson as Treasury 'overlord', but he was forced to accept the appointment of Sir Arthur Salter as Minister of Economic Affairs, and the establishment of a Treasury Ministerial Advisory Committee including Butler's critics, Woolton and Salisbury, to 'assist' him. Seldom can a Chancellor have been subject to so many potential constraints. However, Butler and his Treasury officials proved more than a match for these checks.(9) A far more serious threat to Butler's authority was the appointment of Lord Cherwell as Paymaster General to provide Churchill with independent economic advice. His

influence was to prove decisive during a critical period in February 1952 when Butler unsuccessfully advocated the ROBOT plan, a radical change in economic policy which would have forestalled the creation of any myth of Butskellism.

In fact, Butler did make progress towards a distinctive economic policy, as shown by his flexible use of monetary policy to regulate supply and demand, his enthusiastic abandonment of wartime controls and subsidies, and his success in reducing taxation. In social policy there was a shift away from universal towards means-tested benefits and charges for specific services. Butler managed to restrict spending so that it was reduced as a proportion of the gross national product (GNP), although in money terms it continued to increase. These policies would have been more strident had it not been for Ministers' overriding concern with the fragile electoral situation. Self-evidently it reinforced Butler's belief that politics was the art of the possible. Sir Edwin Plowden, the head of the economic planning staff, believed that he was forced to put off making difficult decisions which might have jeopardised Tory electoral prospects.(10) Butler recognised that such a course was failing to resolve Britain's long-term economic problems. However, in the short-term his success in managing the economy raised him to the third position in the Government hierarchy and potential leader of the Conservative Party.

The ROBOT plan

The new Government was faced with an external balance of payments crisis, rising prices, and increasing unemployment.

Labour prophecies of doom seemed all too likely to be realised. The balance of payments deficit had been caused by the Korean War and the subsequent heavy rearmament programme. The focus on rearmament meant that raw materials generally used for export goods were in even shorter supply, and as exports fell so the balance of payments deficit increased. It was estimated that unless adequate emergency measures were taken British reserves might fall to as little as 50 million pounds, the level at which the pound was devalued in 1949. In an early memorandum on the situation Butler warned the Cabinet that, 'We are in a balance of payments crisis worse than 1949 and in many ways worse than 1947.' The economy was in a critical state, and a collapse greater than in 1931 was a distinct possibility as 'blood drained from the system'.(11)

Butler's response to the crisis in October 1951 was pragmatic and followed much of the advice given by his Treasury officials. The short-term measures he implemented were not particularly contentious, and would have been implemented by the Labour Party had it been in office. Over the next three months Butler sought savings of 600 million pounds from Britains's overseas expenditure by means of a series of cuts in import quotas, the introduction of labour controls, a slowdown in strategic stockpiling, a three month moratorium on all building work, except for housing, hire purchase restrictions on a range of consumer goods, and a review of all Government expenditure. Macmillan felt that it might have been wiser to take all these measures at once,

but there was an understandable reluctance not to inflict more pain than was needed to stabilise the situation.(12)

After criticising the Labour Party's attachment to controls, it was strange for Conservatives initially to clamp down controls still tighter. On the 'Any Questions' radio programme in November 1951 Labour MP Richard Crossman took some satisfaction from,

> ... a certain amount of disillusionment of some Tory voters who thought that in some mysterious way when a Tory Government came to power it would liberate Britain from the stranglehold of Socialist controls.(13)

Butler was not temperamentally happy at having to impose import controls, but the crisis demanded fast action. They gave him some breathing space in which to formulate more adequate remedies. In the long term Butler needed to develop a distinctive Conservative economic policy. As Lord Hailsham pointed out in reply to Crossman:

> ... control is the right way of dealing with scarcity, the trouble is it isn't the right way of creating abundance. And that is the dilemma in which the Government find itself.(14)

Robert Hall did '... not see how they can get on without controls unless they use much more severe monetary measures than they could afford politically.'(15)

One of the immediate changes Butler was able to make, to indicate a clear difference between Conservative and Labour policies, was in the field of monetary policy. He believed that the Government should use all the policy levers available to manage the economy, and that manipulation of interest rates could be especially beneficial, by damping

down borrowing and spending and encouraging saving. In opposition Conservatives had attacked the Labour Government for not moving the Bank Rate up and down, a course that was urged by Treasury officials. However, once the Conservatives were in office Butler and his officials did not have an easy task in convincing his colleagues of the wisdom of a rise in the Bank Rate, the one immediate policy which could be shown to be different from what their predecessors had done. This paradox can be attributed to the Conservatives' fragile position and their determination not to be responsible for a return to the slump conditions of the 1930s. Ministers feared that the policy could only be effective at the expense of severe hardship. One Minister asked Plowden,

> How would you like to get up on the hustings and say that one of the first things you had done was to put up the Bank Rate and thereby raise Council House rents?

Plowden concluded that,

> Nobody wanted to be blamed for resurrecting the misery and waste of the pre-war years, especially a Conservative Party which had only just rid itself of an image as the Party of unemployment.(16)

However, Butler expressed the view that only a small increase would have a 'valuable psychological effect' since,

> There had been no movement in the Bank Rate since 1939 and salutary results would flow from the mere knowledge that the Government were prepared to use the monetary instrument for countering inflation.(17)

Ministers reluctantly accepted an increase from 2 per cent to 2.5 per cent.

The increase in the Bank Rate achieved one of Butler's aims in that it was, at the time hailed as, 'the most significant change in monetary policy since the beginning of the

war.'(18) The Labour Party certainly saw it as a decisive change, and they were quick to exploit its propaganda potential. They portrayed the measure as a Tory pay-off to their financial backers - the great London central banks - at the expense of the taxpayer. This view gained momentum and reflected a still widespread suspicion of Conservative motives. Labour propaganda on Tory 'broken promises' was taken seriously by Party managers.(19)

Conservative supporters throughout the country were extremely worried about Socialist propaganda and the Government's failure to effectively explain its actions. Their morale was very low. Patrick Buchan-Hepburn, the Conservative Chief Whip, warned Butler that,

> ... our people desperately want a statement on what was found in the cupboard when we got in, that the general public do not realise how critical the situation is, and that the "bouquets" ... which the Opposition has been receiving seem inconsistent, that the unpleasant steps which are being taken must be just to help the Tories, the City, etc..(20)

Conservative MPs were particularly worried about cuts in food, while wines, petrol and tobacco were not affected. Those from industrial constituencies were increasingly inclined to talk about the 'impossibility' of tolerating more unemployment. However, they were divided about how to respond to the situation.(21)

By the end of January 1952 it had become clear that the first emergency measures had not been able to contain the position sufficiently. The drain on the reserves continued even more intensely. Some Conservative backbenchers were

restless in the face of the Government's caution. Ralph Assheton, Chairman of the Conservative Finance Committee, and others including Richard Law, Lord Hinchingbrooke and Tory supporters in the country, wanted Butler to institute a more distinctive, Conservative 'laissez-faire' economy, with cuts in Government spending and taxation. The Economist believed that the 1952 Budget was Butler's,

> ... opportunity to demonstrate that there is something worthy of the name of Conservative economic policy and that he is not simply a projection of Sir Stafford Cripps and Mr Gaitskell.(22)

It was in these circumstances that the ROBOT plan was, '... somewhat hurriedly thrust at Ministers by the Treasury.'(23)

The congruity of policy with the Labour Party would not have seemed so marked had the ROBOT plan, to float the pound and make it convertible with the dollar, been adopted in the spring of 1952. The proposal originated from George Bolton, a director of the Bank of England, Leslie Rowan and Richard 'Otto' Clarke, of the Overseas Finance division of the Treasury, and had been canvassed as early as 1950. The plan was named ROBOT after its architects, and was meant to indicate its role as an automatic regulator of the economy's performance, and a move away from Labour's system of direct controls.(24)

In the situation of an unceasing outflow from the reserves Butler saw the plan as a way of escape from the nightmare of always having to live with the possibility that the reserves might run out. If Britain was going to have to float or devalue in any case he wanted to make a virtue out of

necessity and gain convertibility into the bargain. As Butler recalled in a later interview:

> I backed it because I thought, in my innocence, that if the pound went down then the politicians would get together and take the necessary measures to restore and re-establish the economy.... We thought it would be a way of ensuring that anti-inflation measures were not taken, and also we thought we could avoid devaluation.(25)

Yet innocence was not the only factor which made Butler susceptible to the proposal. The idea of floating the pound and convertibility had a history of support in the Party, and it had come into office in 1951 in favour such a move. The ROBOT plan could be presented as confirmation of the Conservative pledge to 'set the people free'.(26)

The Budget date was brought forward from April to 4th March, 1952, so that the plan could be introduced with the minimum of warning. However, the opposition of Cherwell and a number of Treasury officials, and the delaying tactics of Woolton and Eden resulted in the postponement of the Budget by one week to 11th March, despite Churchill's support for the plan.(27)

The issue finally came to a head in Cabinet meetings on 28th and 29th February. Butler made it clear that ROBOT was the only cure for Britain's long-term economic problems. He argued that even if existing measures resolved the immediate crisis the situation would still be very precarious, and the reserves were so inadequate that they would collapse at the first adverse turn of events. The Government needed to take action before the situation deteriorated beyond its control.

He rejected all the alternative measures, including devaluation to a fixed rate, further rises in interest rates, cuts in imports and public spending, as unpalatable and unlikely to halt the crisis. However, Butler could not give any indication of how far the exchange rate would have to fall before a level was reached at which Britain could pay its way. This would mean that,

> ... the basic idea of internal stability of prices and employment, which had dominated economic policy for so long will not be maintainable. It will not be possible to maintain stable internal prices and wages; it will not be possible to avoid unemployment. There will be a continuous process of change and readjustment and much of this will be painful!....This plan will fail unless increased import prices are immediately passed on to the consumer. It will equally fail if we regard it as an excuse not to take action to right our internal position by reducing the load which our existing policies place upon our balance of payments.(28)

By emphasising the adverse domestic consequences Butler hoped to shock Ministers into a rapid acceptance of the plan. He played greatly on the idea that any efficacious medicine had to taste nasty. This method of presentation was a clever gamble and nearly paid off. Robert Hall, one of the chief critics of the plan, wrote that to his horror Butler, '... fully appreciated all that this meant, that it would end the Conservative Party, but that it had to be done.'(29) However, the prolonged discussions ensured that Butler's presentation of the argument probably guaranteed Ministers' rejection of the plan, due to their preoccupation with the fragile electoral position. Lord Cherwell regarded the plan as a 'reckless leap in the dark.' He stressed the dire consequences at home, including an increased trade deficit, a devalued pound, rising wages and prices, industrial

closures and unemployment. In a memorandum to Churchill on 'setting the pound free' he doubted,

> ... whether the electorate or Members of Parliament for industrial constituencies (even Conservatives) would swallow such a programme, however strongly recommended by the Bank... [which] would put the Conservative Party out for a generation.(30)

At a four hour Cabinet on 29th February Butler's proposal was supported by Lyttelton, Harry Crookshank, and Woolton, who feared that the Government would fall if it was forced to devalue. However, most Ministers eventually decided that the risks were too great. Eden came down firmly against the plan, as did Churchill who had become increasingly sceptical due to the opposition of his two special appointees, Cherwell and Salter. He concluded that as the Cabinet was not united it would be better not to proceed with the plan.(31)

Once Butler saw the nature of the opposition he let the matter go. The issue exhibited all of Butler's essential characteristics - his natural creativity and boldness of mind combined with an attachment to the art of the possible. He was prepared to fight the Labour Party and the economic world, but not opposition from within the Conservative Party.(32) It must be remembered that senior Ministers had reservations about Butler's appointment, because of his alleged progressive credentials, and therefore he did not feel secure enough in his position to press his case. The paradox was that these traditional Tories opposed him on an issue which would have displayed his right wing credentials,

because the preservation of the status quo suited their perception of the electoral position.

Butler was very disappointed at this failure. Robert Hall observed that, '... R.A.B. was exceedingly distressed as he had regarded the thing as his own child to save the country.' In the wake of the rejection of ROBOT he felt isolated within the Government, and even within the divided Treasury. He believed he was not getting the support he deserved, and he remarked to Harold Nicolson, 'Winston is so brave in war and so cowardly in peace.'(33) He believed that the Prime Minister should have backed him on the ROBOT plan, which he continued to defend. Butler's discontent manifested itself in a letter (probably not sent) to Churchill in August 1952. He maintained that,

> ... if we did not take the plunge early into the freedom of the price mechanism - even in the external field - we should go on without the benefits of full planning or of the discipline of the Rate. As against my original recommendation there were ranged very powerful arguments which prevailed. These I had no reason to resent... [but] I still regret the original decision since I think that our policy lies between two stools and that we as a team, and I latterly, have lost elan.

Butler's perception of his failure was reinforced by press speculation, notably an article by A. J. Cummings in the News Chronicle, suggesting that Butler had lost all battles in the Cabinet to Cherwell, and that he had not been allowed to produce the budget he wanted, resulting in its postponement for a week. Cummings was in fact ignorant of the ROBOT controversy; it was kept very secret. Churchill was furious at the implication that he had not loyally supported his Chancellor - perhaps it was too near to the

truth. He told Sir Edward Bridges that, '... no Chancellor had ever had such support as ...[Butler] had had.'(34) The reality of the situation was that Churchill refused to countenance controversial measures that might antagonise the public.

The rejection of the ROBOT plan has come to be regarded as evidence of the Conservatives' commitment to full employment by means of Keynesian demand management. A Party devoted to decontrol and encouraging private markets decided firmly in favour of control and management, because it did not want to become the Party of dear food and mass unemployment. Paul Addison has reflected that,

> This, perhaps, was the point at which his [Churchill's] enthusiasm for market forces (which ROBOT allegedly represented) was overridden by his desire to maintain the politics of the Centre.(35)

Churchill confided to his Private Secretary, John Colville, that the programme of the Conservative Party had to be 'Houses, and meat and not getting scuppered,' a view with which most of his Cabinet colleagues agreed. Therefore, it is right to conclude, as John Ramsden does, that if Butskellism existed at all, it was imposed upon Butler by the Cabinet, and reinforced by an upturn in the country's economic fortunes.(36)

The extent of Butler's defeat should not be exaggerated. By advocating such a radical solution to the economic crisis, he got his Cabinet colleagues to agree to a far more drastic package of 'orthodox' deflationary measures to deal with the immediate crisis than might otherwise have been the case. In

his Budget on 11th March Butler imposed further import restrictions, raised the bank rate, increased a number of indirect taxes, and cut food subsidies by 160 million pounds. At the same time he sought to soften the blow with alterations in earned income tax relief, which benefited 16 million people, and 2 million people were relieved of paying income tax altogether.(37) Robert Hall concluded that,

> ... he [Butler] is very much of a politician... a man who thinks of things primarily in terms of votes, seats, divisions in the House, and who is not at all worried by minor inconsistencies in policy if they conflict with political desiderata. I don't mean that he has no principles, but that he thinks first in these terms and not as Dons do, first in terms of logical consistency.(38)

The Budget received a rapturous reception from Tory backbenchers, and its reception in the domestic press and overseas market was good. The Economist rejoiced in the '... bold prospectus of a revolution in economic policy.' Public opinion seemed equally impressed, with a Gallup poll recording 62 per cent of its sample (41 per cent of Labour supporters) as thinking that the Budget was fair and satisfactory. However, the attempt to reconcile traditional Tory supporters on fixed and middle incomes was less successful. Generally, the Budget was regarded as less severe for the ordinary worker than anticipated, but somewhat more severe from the point of view of businessmen. Industrialists complained about the end of cheap money and the vindictiveness of the new Excess Profits Levy. Party reports on public opinion reflected disappointment that the Government had not pursued a thoroughly Tory policy.

Conservative supporters were beginning to wonder if the Government had clear cut aims or was merely following a vacillating policy of expediency. There was a widespread feeling that the Cabinet was out of touch with the Party and public opinion generally.(39)

As a result of these perceptions the electoral implications of the Budget were not promising. The local elections in April and May showed a big swing to Labour, and would have meant a Socialist majority approaching 1945 figures if applied nationally. Lord Woolton, the Party Chairman, advised Churchill that, '... it may be due to a lot of our members refraining from voting because they are not pleased with us at the moment.' The Economist warned that,

> A government trying to prove that Tories are no longer Tories is defeating itself. If the British electorate decides again that it prefers Labour policies, it will vote Labour however much stealing of clothes has been done. The only type of success open to the Government is to show that there is a modern Tory policy which can in time get the country out of the frustrations of the past six years.(40)

The Economist need not have been too concerned. Butler had not abandoned his ultimate aim of convertibility as a long term solution to the problems of sterling. When the ROBOT plan was defeated again in June 1952, Butler reverted to an evolutionary strategy in the 'collective approach' to convertibility, despite the continuing opposition of Cherwell. This was a less drastic plan providing for convertibility at a floating rate, to be achieved by international agreement. Gradual moves were made towards this end over the next few years. Macmillan noted that,

> It was certainly a notable triumph for Butler. The 'collective approach' avoided the main pitfalls and seemed at least to make some forward steps on the uphill, winding road.(41)

The major drawback was that much damage was done to the economy in the meantime, as the long term problem remained unsolved. Economic recovery gained ROBOT's opponents a period of delay, during which Britain had most of the drawbacks of sterling convertibility without any of the prestige which Ministers were so anxious to preserve. Butler recognised that the decision not to free the pound was a fundamental mistake:

> The absence of a floating exchange rate robbed successive Chancellors of an external regulator for the balance of payments corresponding to the internal regulator provided principally by Bank rate. If such a regulator had existed, and a floating rate been accepted, Conservatives would have been saved some of the uncertainties and indignities of 'stop-go' economics and Socialists the traumatic experience of a second formal devaluation.(42)

Events, rather than a new policy initiative, came to the Government's aid. There was a favourable shift in the international terms of trade, with a fall in commodity prices due to the ending of the Korean War. The balance of payments stabilised as the import bill dropped, and the drain on gold and dollar reserves eased. The Government claimed the credit and the electorate made the Conservative Party the beneficiary of the economic improvement. The result of the High Wycombe by-election in the autumn of 1952 was a harbinger of better things to come for the Tories. They not only held on to the seat, but increased their slim 1750 majority by 350 votes.(43)

Butler's personal standing also rose as the economy began to prosper. In September 1952 Butler took charge of the Government for the first time. This was a significant sign of his political progress and Churchill's growing confidence in him. Butler was the star of the Conservative Party Conference in Scarborough according to newspaper reports, which detected a shift in his placid, academic personality to a formidable and tough politician. The Economist noted that, 'Not everyone wants to go where Mr Butler is leading, but all are delighted that he can lead so strongly.' Butler was seen as the coming man of Tory politics, and was named politician of the year by Maurice Webb in Reynolds News, and by Frederick Ellis in the Daily Express.(44)

As a result Butler felt more confident in his position as Chancellor, and this was illustrated by the departure of Salter, Churchill's special appointee, from the Treasury. The appointment of Reginald Maudling, who had been one of Butler's acolytes at the Research Department after 1945, as Economic Secretary was according to Robert Hall, '... entirely at the behest of the Chancellor who is now feeling himself much stronger in relation to the PM than he used to.'(45) This increased security of tenure encouraged Butler's radical inclinations, and his determination to effect decisive changes in domestic policy. He had learned from the ROBOT experience, that such changes would have to be carefully planned in advance, necessitated the support of his colleagues, and must not have an adverse impact on the Conservatives' electoral position. This was a tall order. He

had to overcome a situation in which,

> ... the rapid economic recovery from the 1951-2 crisis bred a dangerous complacency, discouraging any critical review of the nation's position in the world, and encouraging the belief that the economic base of the country was fundamentally sound.(46)

The foremost victim of this complacency was to be Butler himself, despite his persistent warnings to the Cabinet, as events in 1955 were to show.

The battle to develop a distinctive Tory social policy

While the economic position had improved, Butler still had to resolve the long term contradiction in Conservative economic policy between cutting taxes and maintaining the welfare state at the same time. At this stage he could not rely on economic expansion to achieve this aim. Butler was in a dilemma - he perceived the economic need to change social policy in order to curb rapidly rising expenditure, but he was hampered by the force of public opinion which desired freedom from food rationing and other controls, but was still firmly behind the ideals of the welfare state. Therefore, Butler made persistent demands for cuts in private whilst publicly defending the level of Government spending. This strategy weakened his hand in his dealings with spending ministers. Greater economic expansion than expected reinforced the Cabinet's desire to avoid controversial measures that might cost votes.(47) Against such a background Butler's efforts to develop a distinctive social policy were all the more impressive.

In 1952 Government civil expenditure was 50 million pounds less than the previous year. This was a definite achievement

when taking into account rising prices. Spending on the National Health Service (NHS) was down by 5 million pounds, education expenditure had been reduced by nearly 8 million pounds, food subsidies had been cut by 160 million pounds, and other social service savings amounted to 14 million pounds. In response to the pressure for more cuts from traditional Tory supporters, Butler declared that he,

> ... did not believe that we shall achieve success in living within our means by panic slashing of this or that service.(48)

However, there was more to be done. The Government was still spending more in social service benefits than Labour had done. Whereas the Conservative Government's social service benefits totalled 135 million pounds a year, those of the Socialists only came to some 53 million pounds.(49)

Privately Butler was concerned that, '... nearly all of the changes of which I am aware show a worsening of the position.' He expected an increase of 175 million pounds in civil expenditure, and an increase in defence spending of between 50 and 200 million pounds for 1953, with only a net increase in tax revenue of 40 million pounds. The remainder would have to be covered either by reduced expenditure or increased taxation, contrary to Tory election pledges.(50) Butler advised Ministers that,

> It will not be sufficient to look merely at the smaller and less controversial items. Necessary as reductions here are, they do not contribute in total a sum relevant to the need. We must reconsider the bigger matters even though major questions of policy will be involved.

His guiding principle, as told to Minister of Education Florence Horsbrugh, was that a greater proportion of the

cost of social services should be made by direct payments for the services rendered.(51)

Butler advocated cuts in defence, schools expenditure, lightening the housing burden on the Exchequer, and the establishment of an enquiry into the cost of the NHS as a whole. He informed Churchill that the scope for further cuts in food subsidies would soon be exhausted. Therefore, he regarded the need for substantial savings in other areas as,

> ... fundamental to our policy as a Party. We believe that the country can never be put on its feet again by rigorous controls and bureaucratic direction from the centre.(52)

Butler felt with some justification that the housing programme put too great a strain on the economy, and sacrificed other priorities more fundamental to the reconstruction of the economy, such as road construction. However, Churchill almost invariably backed Harold Macmillan's plans for more finance in order to achieve the Conservative housing pledge to build 300,000 houses per year. Reginald Bevins, Macmillan's Parliamentary Private Secretary, recalled that Macmillan had three nocturnal talks with Butler, which set a precedent for their future relationship:

> He came down at 2 o'clock into the smoking room and ... said 'It's all over Reg, I've got my own way, and I simply report to the Prime Minister that Rab has agreed with me.' Rab was tired; Macmillan had more stamina!(53)

If Butler had little immediate success in restricting Government spending on housing, he did initiate a long-term

shift in the purpose of its policy. The decisive factor in Butler's success was political, even ideological. Housing was the clearest area of social policy in which the Conservatives developed a distinctive policy. Tory leaders were convinced that home ownership eroded support for the Labour Party, and led to wider electoral support for the Conservatives, by giving people a stake in society and creating a 'property owning democracy'. Therefore, the Government concentrated on encouraging the production of unsubsidised houses by private builders, rather than subsidised houses by local authorities.(54)

The Government also sought to resurrect the private rented property sector, and encourage the maintenace of private rented property, which was hampered by the continued existence of a large pool of council houses at frozen rents. The aim was to achieve a reduction in the level of housing subsidies, and to produce conditions in which rents approximated far more nearly to an economic level.(55)

Comparatively little effort was put into slum clearance to benefit the poorest in society. The Conservative housing programme in the early 1950s was aimed at the upper echelons of the working class and the middle classes - Conservative voters or potential supporters. In the year from November 1952 to October 1953, the Government fulfilled its pledge to build 300,000 houses per year. Hugh Dalton, Macmillan's Labour predecessor, described the achievement as the beginning of the age of affluence.(56) It helped to secure

two further election victories. It also made Macmillan's reputation, and should have made Butler distinctly wary of him as a rival in any future leadership contest.

In education, the architect of the 1944 Act showed no mercy. Butler considered radical proposals, which were contrary to the provisions of his own legislation, including the raising of the age of entry into education, lowering the age of leaving, and a consequent reduction in the number of teachers, and the introduction of school fees.(57) These proposals were highly contentious, and the Government retreated from the electoral implications. G. N. Fleming, a civil servant at the Ministry of Education, pointed out that standards for the next ten years were going to be so bad that the demand was far more likely for the improvement of educational standards. Education spending during these years contained nothing for improving services; the service was only just 'getting by' according to Horsbrugh. The school building programme was, in the view of civil servant T. Weaver, restricted to the bare minimum necessary to maintain the education system, '... at the scarcely tolerable level of 1950.'(58)

Butler achieved cuts in the cost of school meals and school building despite the 'bulge' in the birth rate and the creation of huge housing estates. This meant that overcrowding in large classes became more common after 1951 and old slum schools remained in use. Nothing was done to reduce the disparity between secondary modern and grammar schools. The Government committed itself to the defence of

selection at eleven, and opposed any moves towards comprehensive schools on a widespread basis.(59)

Butler had less success in cutting or saving expenditure in the NHS. In 1952 charges had been introduced in accordance with the Tory belief that priority should be given to those in real need. They reduced the Treasury's liability by 20 million pounds a year, but '... financially, it was like trying to hold water in a sieve.' Butler proposed the establishment of a committee to look into the cost of the health service as a whole, in the hope that it would recommend substantial savings. However, the very existence of the Guillebaud Committee was to act as a brake on Treasury pressure for savings in the NHS. Iain Macleod, the Minister of Health, successfully argued that it would be improper to embark on policy changes while the Committee was still sitting. As it sat from May 1953 until January 1956, when its report was published, it effectively became a suit of armour against any suggestion of radical reform of or cuts in the health budget.(60)

Butler achieved sufficient savings to enable him to steer a middle course, in the short-term, between tax cuts and spending. The favourable economic weather gained Butler '... an invaluable breathing space.' He was able to take advantage of the slack that had developed in the economy as a result of the earlier contraction. He put off taking drastic measures in the hope that events might make them unnecessary. Such political considerations were taken as

evidence of weakness by Robert Hall who observed that,

> The weeks before the Budget were made almost unpleasant by the apparent hesitations and wavering of the Chancellor... it is a most unpleasant trait and shows a strong streak of moral cowardice.(61)

Butler prevented any increase in civil expenditure for 1953-4 from the previous year's level, but he believed that more drastic reductions would have to be attempted for 1954-5, involving defence, housing, and the social services. The Economist warned that,

> The Conservatives are deluding themselves - and will pay heavily for the delusion - if they think that they have saved the country by a policy that has done its work and can now be relaxed.... The tasks of establishing solvency on surer foundations and of moving from convalescence to true economic health still remain.(62)

However, the 1953 Budget, announced on 16th April, was designed to encourage expansion. It was the first since World War two to contain no proposals for new taxes or increases in existing ones. Instead he took sixpence off all rates of income tax, and reduced by one quarter every level of purchase tax, to stimulate consumption, although food subsidies were further cut. They represented a total increase in consumers' expenditure of 150 million pounds, and largely benefited the salaried and fixed income groups, who felt dispossessed by the trade unions' collective bargaining success. Butler told the House of Commons that,

> The path of restriction has been so firmly fixed in peoples' minds that it tends to be regarded as the inevitable line of conduct. But we can look to a more hopeful way. We can tighten our load and liberate our energies.(63)

The Budget was a great success. The newspapers were almost

all enthusiastic, although some pointed out that there were elements of risk. Macmillan called it a '... Capitalist Budget. But then we believe in Capitalism as the best instrument for the prosperity of the people.' Voters seemed to agree. In the Sunderland South by-election of May 1953 the Conservatives, in spite of a Liberal intervention, converted a Labour majority of 306 into a Tory majority of 1,175. The result represented a vote of confidence in the Conservative Government and an endorsement of Butler's policy. Conservative supporters were in the main content to count their blessings.(64)

This confidence was not shared by Butler who decided not to publish a policy document, 'Onward in Freedom', for the 1953 Party Conference. It was a progress report on Conservative achievements since 1951, which applauded the apparent achievement of the impossible - tax reductions and the maintenance of the welfare state. Peter Thorneycroft, the President of the Board of Trade, wrote to Butler that it was,

> ... far too complacent and self-satisfied about the existing situation. You and I know the dangers too well to be complacent, and we realise how quickly and how savagely the tide could turn against us. Some of the statements in this document would look very strange if that did happen. Moreover, the basic assumption of this document is that our policy should go on unchanged. We are not quite sure that this could or should be the case.(65)

Butler maintained his strategy of defending expenditure levels in public, in the hope that economic growth would continue, while at the same time demanding drastic cuts in Cabinet in case it ceased. At the 1953 Conservative Party

Conference he responded to calls for further cuts in national expenditure, by restating his aim to reduce taxation. However, he served notice on the Party that the main hope of achieving this lay not so much in cutting expenditure as in broadening the basis of national wealth. In contrast he had reported to the Cabinet in July 1953 that,

> The Budget prospects for next year are menacing. The general background against which I have to work is one of continuing anxiety about the fundamental soundness of our position.(66)

He was very worried about the Budget for 1954 and even more so for 1955, because revenue would be falling and expenses rising, unless a stand was taken against increasing expenditure, especially on defence. Butler warned Ministers that this meant thinking in terms of major changes in policy as well as of 'constant pruning'. There was a general feeling that in economic terms things were unlikely to go as well for the Government in 1954 as in 1953.(67)

Butler tried to shake his colleagues out of their complacency, and he warned them that they had not,

> ... fully grasped the seriousness of the situation .... In such a situation the acceptance of new or deliberately increased commitments is unthinkable unless corresponding savings are made. Nonchalance about expenditure will not do: my colleagues must face the reality that unless we economise in all fields we shall fail to achieve the objectives which we as a Government have set for ourselves, namely, to reduce burdens on industry and the taxpayer.(68)

A Cabinet Committee was established under Butler, to look into proposals to reduce Government expenditure, but it produced inadequate and belated results in his opinion. After three years in Government Ministers were experienced

defenders of their budgets. Butler was forced to accept the view that,

> Unless we are to slash the social services - and I do not think any of my colleagues want to - ... the reduction in the burden of Government expenditure can only come about slowly.

The Government could only hope that provided that the actual cost of expenditure was not allowed to rise and,

> ... provided we can keep the economy on an even keel and promote a steady increase in productivity, the real burden of Government expenditure will be reduced as productivity and the national income increases. This is a long, slow grind. We have made a start but we have got to go on with it for years and years. This is not a pleasant prospect, but it is the only course open to us.(69)

In these circumstances there was little scope for great relief in taxation levels in the Budget on 6th April, 1954. There were no new taxes or tax reductions, but Butler did introduce a new 'investment allowance' to encourage further industrial expansion. Butler described it as a '... carry-on Budget; a Budget conceived as reaffirming our basic policies rather than as making any major change of emphasis or direction.'(70)

In the aftermath of the failure of the Budgetary review for 1953-4 to produce substantial savings, he made a fresh attack on the problem in order to get some satisfactory results in time for the next election. Forecasts showed a potential deficit of over 330 million pounds for 1955-6, due to increased expenditure and reduced revenue. Butler concluded that,

> ... we must at all cost avoid the need to impose fresh taxation, and particularly direct taxation in

> order to fill this gap; indeed our aim should be to secure some much needed reduction of taxation.(71)

This view was supported in the Cabinet by Thorneycroft and Woolton, and the backbench Conservative Finace, Trade and Industry Committee stressed the public's interest in the matter.(72)

As a result two committees on civil and defence expenditure were established under the chairmanship of Lord Swinton in March 1954 to make recommendations for savings. In July Butler welcomed their proposals as representing traditional Conservative ideals. He told the Cabinet that,

> It was not, in his view, good social policy to continue to contribute £85 million a year from the Exchequer as subsidies to keep down the price of bread and milk at a time of full employment and high wages.

Here was an opportunity to move away from State control and 'set the people free'. However, Churchill poured cold water on the proposals as,

> ... a buoyant mood had been created in the country by the Government's success in restoring the solvency of the national finances and raising production and employment to their present high level. There was in consequence no popular sense of imminent crisis or even of the need for economy.(73)

Satisfaction with the existing situation became the excuse for inaction, and the Cabinet deferred any decision on the measures. They did not want to unduly arouse political controversy. Having thwarted Butler's warnings, the Cabinet seemed prepared to accept, as the price for electoral success, the verdict of Sir Norman Brook, the Cabinet Secretary, that,

> ... a Conservative Government must perpetuate, or at least is powerless to alter, the pattern of society which the Socialists set out deliberately to

create.(74)

Industrial relations: the perils of free wage bargaining

Butler's doubts about the economy also focused on the problem of excessive wage settlements. In his 1954 Budget he warned against increasing costs as,

> We are near the point - and in some cases we may have passed it - where further increases in wages and profit margins will price us out of our export markets.(75)

The commitment to full employment remained an important constraint - figures approaching 400,000 were a cause for alarm, as was an inflation rate above 5 per cent. Butler doubted that the aim of full employment and low inflation could be combined for long, but in the final analysis full employment was the top priority for electoral reasons.

In opposition Butler had taken the lead in drawing up the Industrial Charter and the Workers' Charter, and many Conservatives wanted the incoming Government to act against restrictive practices, unofficial strikes, the closed shop, and to encourage joint consultation and co-ownership. However, the Conservatives came into office with no detailed plans on how to enact these measures, since the Charters had been deliberately vague, and Butler did not seek to translate them into a legislative programme. Brendan Bracken complained to Lord Beaverbrook that Butler,

> ... has a stronger digestion than the toughest of ostriches. He has evacuated his charters with no sign of a blockage.(76)

Butler's attachment to the art of the possible led him to prefer the flexibility of slow, incremental changes, which

would be formalised in procedures and conventions rather than by legislation. In view of their small majority the Conservatives were anxious to prove that they could get on with the trades unions, and that they were not in the pockets of big business.(77)

Butler was keen on instituting a policy which would have moderated the level of wage settlements, but only with the full agreement of the unions. In May 1952 he suggested to the National Joint Advisory Council (NJAC) that a tripartite body be established, consisting of employers, trade unions, and the Government, to link wage increase with productivity. The Trades Union Congress (TUC), stregthened by the presence of full employment and labour shortages, responded with a blunt negative. Prices had risen by 13 per cent since October 1951 so the pressure for wage increases was on. Butler returned to the theme in July 1953 when he warned the NJAC about the adverse impact of wage increases on British exports. His warning fell on deaf ears, and he did not push the matter because the existing policy remained viable while the economy was expanding. Wages and salaries, it was calculated, rose by about three times as rapidly as output in 1953-4.(78)

This was largely due to Butler's acquiescence in the policy of conciliation with the unions pursued by Sir Walter Monckton, the Minister of Labour. Wherever possible Monckton referred disputes to a court of inquiry, which became a euphemism for concession to avoid strike action, and all too often he settled direct. In 1953 Monckton made a settlement

with the railwaymen, behind Butler's back, which forced the Transport Commission to contravene their statutory requirement to break even. Butler recalled that,

> ... we really had no wages policy. Wages were often settled by Churchill and Monckton together. I remember one morning when I came to my office, Churchill sent for me and said "Never mind, old cock, we settled the rail strike last night without deciding to keep you up - on their terms".(79)

The Economist called it the Government's 'Munich'. However, in general settlements '... would be welcomed with relief as "another damaging strike averted" and be criticised as soon as the euphoria wore off.' This policy was described as one of industrial appeasement, but Harold Watkinson, Parliamentary Secretary to the Minister of Labour from 1952 to 1955, declared that, '... it did not seem so to me or to anyone else at the time.'(80)

In retrospect Butler felt that, '... weaknesses were often shown and too many concessions were made on wage increases.' However, the short term electoral and economic advantages of such a policy outweighed the disadvantages in the final analysis. He was concerned about the effects of wage inflation, but he was unwilling to impose an alternative to the system of free collective bargaining, a view which was dominant throughout the 1950s. He admitted that,

> ... the reward was that we had very good industrial relations; the difficulty was that the inflation came in 1955, which I really couldn't avoid.(81)

Grass-roots discontent

If the Government was prepared to accept the results of its policies on public spending and wage settlements,

its supporters were not. The One Nation group of Tory MPs, Butler's natural allies within the Party, argued for urgent changes in economic policy in a pamphlet, Change Is Our Ally, in May 1954. Tory grandee Brendan Bracken complained that,

> The middle classes... are bitterly disillusioned. They are the victims of an ever increasing cost of living but they have none of the power of the T.U.C. or F.B.I. to compensate themselves for the ravages of inflation.(82)

Taxes were much higher than they had been in the 1930s: 9/6d. compared to 4/6d. Industrialists warned that the burden of taxation made their effort no longer worthwhile. One disgruntled supporter, Mr G. Sills, complained: 'Is it not time the Conservative Party stopped squeezing the salaried black-coated worker.' Such statements were typical of the views of a great number of mild supporters. Conservative Party leaders realised that they did not have a strong case. The Government was conscious that taxation remained too high and replied to another complainant that it was,

> ... almost inevitable if we are to maintain the present levels of defence and social security expenditure. Security is so often the antithesis of incentive.(83)

The Government was extremely fortunate that Butler's forecast of economic expansion was achieved, as it served to stifle discontent amongst the Tory Party's supporters. Economic prosperity meant that there was enough money, both to maintain and increase Government expenditure and reduce taxes. Statistics revealed that as a percentage of Government spending the cost of the social services had

risen from 39.2 per cent in 1951 to 43.0 per cent in 1955, yet as a proportion of Gross Domestic Product Government expenditure fell from 39.4 per cent in 1951 to 35 per cent in 1955, thereby pleasing both sections of the electorate whose votes the Conservative Party needed.(84) The Government had confounded Labour's dire predictions, and its faith in market forces appeared justified.

Flushed with the apparent success of his policy, Butler became strident in its defence. He rightly felt that this progress was a cause for congratulation, but he did not wish to rest on his laurels. In a speech at Gloucester he declared,

> This is the march to freedom on which we are bound. And the pace must quicken as we go forward.... our aim is freedom for every man and woman to live their own lives in their own way and not have their lives lived for them by an overweening State.(85)

At the 1954 Conservative Party Conference in Blackpool Butler told Tory activists that,

> ... the motto of our policy should be: 'Invest in Success'...I can see no reason why, in the next quarter of a century, if we run our policy properly and soundly, we should not double our standard of living in this country.

This was intended as a warning that people should hold back from taking all the material benefits of prosperity at once for fear of overburdening the economy. Butler's belief that the opportunities created by prosperity were not purely materialist in form, was a message that he was to repeat many times over the coming years with mixed success. However, the explicit appeal to the granting of consumerist aspirations in the future ensured he received a rapturous

reception.(86)

The apparent success of Butler's policy lifted him to a new pinnacle of public prestige. It was perhaps suprising, therefore, that the Government chose not to capitalise on its success by holding a general election. However, Woolton advised Churchill that Conservative Central Office '... had considerable doubts about the prospects of our success if we had an Election in 1954.'(87) This was largely due to the question mark hanging over the Conservative Party's leadership, which included speculation about Butler's future leadership prospects.

Climbing the 'greasy pole'

Butler's successful handling of the economy markedly increased his standing in the Conservative Party. Press speculation on his leadership prospects was given foundation when in June 1953 Butler took charge of the Government, because both Churchill and Eden were incapacitated by illness. For three months he was Chancellor, acting Prime Minister, and acting Foreign Secretary in the House of Commons. It was, as Butler later admitted, an onerous task, but as Enoch Powell declared, '... he was a horse for all work, and one of immense pulling power.' Lord Moran, Churchill's doctor, observed that,

> He has more staying power than Anthony, but at present he lacks what people call the 'common touch'. They complain, too, that he will back a horse both ways. He seems none the worse for the grind while the PM and Anthony were away ill. He does not get worked up like Anthony. He is aware of the danger of racing the engine, but he says he has "a normal family life" and does not feel the strain.(88)

However, he was armed with virtually no authority, as the public were not informed of the seriousness of Churchill's illness (he had suffered a stroke), and Churchill was determined that 'Dear Anthony' should not be denied the Premiership. It seemed that Butler willingly conspired in concealing the true extent of Churchill's illness. He appeared to agree that, 'Anthony must have his chance.'(89)

This did not prevent a certain amount of 'kite flying' by Butler in correspondence with backbench MPs, which revealed that he did not lack for support. There was considerable pressure from Tory backbenchers for him to exert himself. They drew a parallel with the unexpected successions of Bonar Law and Stanley Baldwin as leaders of the Tory Party. Pleasing though such comments were, Butler remained silent. Instead he concentrated his efforts on the smooth running of the administrative machine. His unselfish loyalty earned him 'high favour' with Churchill, who was most impressed with his gentlemanly behaviour.(90)

Yet it is difficult to avoid the conclusion that his loyalty was very much taken for granted during the crisis. Had he wished he could have made things very awkward. Lord Cherwell reflected that if Butler had demanded more formal powers, even the office of Prime Minister, the Cabinet could not have refused in such a crisis.(91) There were no other viable contenders who could have taken over on a permanent basis. Here was concrete evidence that Butler lacked the

'killer instinct'; he never quite knew when the opportunity presented itself how to deliver the knock out blow. Butler may have recognised that his time had not yet come, and that his past was a problem. John Colville noted that,

> He [Butler] says he will serve loyally under Eden and that anyhow some of the Conservative Party might not want him as PM because of Munich.(92)

However, events had undoubtedly placed Butler in the third position in the Government as heir to the heir apparent, Anthony Eden.

At the age of eighty Churchill was no longer up to the task of leading the Government and Party. Harold Macmillan sensed that the Government was drifting in home affairs, and needed a new programme now that economic recovery had been achieved. In fact it was Butler, rather than Eden, who came nearer to resigning in the summer of 1954 over the thorny issue of MPs' salaries. Robert Hall noted, 'R.A.B.'s view that the PM has been there far too long and is now inhibiting action.'(93) Balanced against this view was the question of his own future career prospects.

It was an indication of Butler's authoirity that he was called upon to act as an intermediary between Churchill and his designated successor, Eden. He recalled that, 'I was continually brought in to witness and to help with this distressing and distracting transition.' After the events of 1953 Butler accepted Eden as Churchill's successor, but his acquiescence in Churchill's determination to carry on for as long as possible, to preserve Party unity, irritated Eden, who noted in his diary '... that Rab would give no help.' In

contrast Eden's regard for Butler's chief rival, Harold Macmillan must have increased by the way in which he eventually took the lead in persuading Churchill to go.(94)

This raised the question of whether Butler's own interests lay in the Prime Minister 'playing it long'. In later years he was ready to assert that, 'Winston doubted that Anthony was adapted to be Prime Minister.... You know, in his last months, he often made funny advances to me.' Lord Moran noted Churchill's increasing reliance upon him, and Woolton observed that, 'Butler... is the only person to whom he [Churchill] talks now in the Cabinet.'(95) Butler may have feared losing what authority and influence he had over policy under Churchill, since there was no certainty that this would continue under Eden. It was possible that, from Butler's point of view, the continuance of Churchill in office increased his own chances of succeeding him. It gave more time for a strong alternative heir to emerge, hopefully himself, and for the doubts about Eden's suitability and health to be reinforced. Robert Hall recorded a discussion with Butler in which he said,

> The crucial problem au fond is to hold the party together which he could do if he had some time. I asked him if he were really the man to take the course he had sketched. He said that he had considered the problem in general for years and specifically for 6 months and thought he was though he could see my point.... if he has thought of it so carefully perhaps he is.(96)

The Daily Mirror proved to be more accurate when it declared that, as the Tories ran their Party on public school lines, Butler was not cad enough to challenge Churchill's choice of Eden as head prefect. Lord Moran observed that,

> ... Rab Butler is sitting on the fence with one leg dangling on each side. He likes cricket similies. He is trying to keep a straight bat he says. He is not trying to make runs.(97)

From his own point of view Butler was content to play a waiting game.

Conclusion

Butler had managed to steer the economy towards recovery by a mixture of luck, fine judgement and pragmatism. One economic commentator declared,

> Things thus far had gone very happily for Mr Butler's conduct of affairs. Each year seemed better than the one before, as if by some golden law of progress.... Continued immunity could not but breed growing confidence in continuing prosperity.(98)

This success satisfied the diverse nature of Conservative support needed to maintain their small majority and retain power. A delicate balancing act had been achieved in the belief that the Tories needed the support of a proportion of working class voters, who demanded the maintenance of full employment and the welfare state, and traditonal middle class Tory supporters who wanted tax and spending cuts.

However, it would be wrong to assume that this achievement involved the maintenance of the 'post-war settlement' as established by the Labour Government of 1945-51. It is unfair to describe Butler as a 'Mr Butskell' whose policies were not very different from those of his Labour predecessor as Chancellor, Gaitskell. The Labour Party certainly did not regard him as such. Labour MP Richard Crossman argued that Butler was 'the ideologist of inequality', in that he had taken Labour's post-war settlement and used it to promote

traditional Conservative themes such as individual freedom and opportunity.(99)

As Chancellor, Butler instituted distinctive policies which were aided by external forces outside his control. His willingness to use the bank rate gave Butler an additional instrument with which to manage economic policy. Despite the failure of the ROBOT plan, Butler progressively eased exchange control and moved towards the early attainment of sterling convertibility. Restriction and austerity were replaced by expansion and prosperity as the Government swept away the machinery of socialist planning in favour of Conservative freedom. Productivity increased as thousands of industrial controls were removed and building licenses ended. Price controls and subsidies were gradually lifted from everything but milk, bread and coal. In July 1954 ration books, the final symbol of wartime austerity, were abolished and consumption rose to record levels. In social policy Government spending was kept to the minimum that was electorally possible. Home ownership was encouraged at the expense of subsidised council house building, selective education was maintained, and charges for specific health services were introduced and increased.

In public Butler took a reasonably optimistic view of the position, but privately he was extremely concerned about the long term prospects. The Economist declared that,

> The miracle has happened - full employment without inflation, and this despite the heavy burden of defence, the rising burden of the social services, and some reduction of taxation. But 'the miracle'

> must not be followed by disillusionment. The forecasts for 1955-56 ...do not show the margin necessary for further reliefs.(100)

It was likely that he felt the time was right to take more difficult decisions, beyond the tentative steps he had already taken, to ensure a viable long-term economic policy. This seemed more likely to happen under a new leader, possibly himself. However, when Eden eventually succeeded Churchill, his health was fragile and he was ill-equipped temperamentally for the Premiership, Butler was exhausted, the economy had taken a turn for the worse, and attempts to develop new policies were diverted by the Suez crisis.

As early as 1956 a biographer of Butler wrote, 'In retrospect, 1954 appears as the high water mark of Butler's public reputation at the Exchequer.' As the year ended there were disturbing signs of strain, both in the economy and in Butler himself. Macmillan reflected,

> The economic crisis which we had inherited in 1951 seemed pretty well to have faded out by the end of 1954. What perhaps we had failed to realise is that it was not merely an epidemic attack, but that there were endemic weaknesses and dangers which might recur.(101)

There were renewed symptoms of inflation as the rise in prices and wages accelerated, imports increased, and a balance of payments deficit loomed. Butler's faith in monetary policy to bring the economy under control was to be rudely disabused. In 1955 he learned to his cost that,

> ... trying to guide an economy was rather like an amateur trying to steer a ship, the time lags are so great, the detailed consequences often so unpredictable. You turn the wheel in one direction and for a long while the vessel does not appear to respond at all, then suddenly it does, and when it does you realise that you are already too late to make the correction of course that has

already become necessary.(102)

Butler's luck and fine judgement deserted him, albeit in mitigating circumstances. For three years he had sustained an almost overwhelming burden of work, combined with the immense personal strain of coping with his wife Sydney's terminal illness and eventual death in December 1954. These factors combined to make 1955 an 'annus horribilis' for Butler if not for the Conservative Party.

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2

'United for Peace and Progress'?
Butler under Eden, 1955-1957

Introduction

Butler's speech to the 1954 Conservative Party Conference at Blackpool marked the peak of his success as Chancellor of the Exchequer. His rallying appeal to 'Invest in Success' earned him a rapturous reception from the Conservative rank and file. He was given the credit for what, in retrospect, appeared to be a brief 'golden age' which saw two years of stable prices, balance of payments surpluses, the removal of post-war restrictions and the maintenance of full employment and the welfare state.(1) It seemed that Conservative freedom really did work. Yet within a few months it was regarded as a false dawn, and for the first time in many years Butler suffered personal and political setbacks which were to mark a turning point in his career.

Butler was privately concerned about the economic outlook, which required new and potentially unpopular policies. He hoped that the succession of Sir Anthony Eden to the Premiership and a subsequent election victory, would create an opportunity for moving away from the post-war 'consensus'. His priority was to remove the Government's responsibility for exchange rate management and subject them to market forces, as representing a symbol of Conservative freedom. However, deteriorating economic circumstances, and a poor working relationship with Eden scuppered Butler's plans. His removal from the Treasury in favour of Macmillan

signalled a shift in the balance of power away from Butler.

Contrary to the popular opinion that he was marginalised in Government circles, Butler maintained his influence and authority, in private if not in public. In his new role as Leader of the House of Commons with responsibility for policy formulation, Butler made some progress towards a distinctive Conservative domestic policy. He sought to ensure that public expenditure was restricted, and to sound a warning about the dangers of wage inflation. He pursued his policy of incremental change in the hope of retaining the new broad based support for the Conservative Party. Yet all this good work counted for nothing in terms of his leadership ambitions. Butler's responsibilities also involved him in international affairs, where he showed that his political touch was less sure. In particular, his ambivalent and ambiguous attitude in the the Suez Crisis revived memories of his defence of appeasement in the 1930s, and arguably cost him the Premiership in 1957.

Butler's final year as Chancellor

In Butler's personal life, the death of his beloved wife, Sydney, in December 1954 after a long and painful battle against cancer, was a tragic blow. Lady Cynthia Jebb, a close friend, felt that her very abrupt, forthright and strong influence was, '... just what Rab's character needed.' There has been widespread speculation as to the extent of Sydney's influence on her husband's political career, but Butler's colleague at the Treasury, John Boyd-

Carpenter, believed that with her death, '... some of his fire went out and never burned up again.' Butler later wrote in his memoirs that,

> No doubt I should have been wise to take a longish time off for reflection, since the domestic shock was not at once fully apparent but gained increasing force during the year.

He implicitly admitted that the economic decisions taken by him, on behalf of the Government, involved risks but, '... considerable benefit accrued at any rate to the party as a result of the decisions taken.'(2) They helped to maintain the Conservative Party in office, but brought Butler's tenure as Chancellor of the Exchequer to a dismal end, with his political judgement and reputation severely dented.

Butler's actions should be seen in the political context of Churchill's resignation, Eden's succession, and the decision to call an early general election. Churchill eventually resigned on 5 April, 1955, and Eden entered into his inheritance the next day. After all the tensions and anxieties of the previous few months the changeover passed off remarkably smoothly. There were high expectations of Eden's success as Prime Minister. He was a glamorous figure, was trusted and respected in the country, and was identified, alongside Butler and Macmillan, as representing new progressive Conservatism. The widespread view that he was ignorant of and uninterested in domestic affairs has been exaggerated with the benefit of hindsight. Butler moved up to the number two position in the Government with the reasonable expectation of succeeding Eden at some point in the future, despite his distrust of Harold Macmillan as a

rival candidate. Any doubts he may have had about maintaining his influence in the new regime were hidden behind his confident assertion to John Boyd-Carpenter, who recalled that,

> Rab commented in his discursive way about the next Prime Minister's limitations. But he reassured [us]... that these would not matter because at least in home affairs he (Rab) would "manage him from behind".(3)

At the end of 1954 there were unmistakable signs of economic strain, with 'over-full' employment and a sharp rise in imports not matched by a similar rise in exports, resulting in a weakening of the balance of payments, and a strain on the gold and dollar reserves. The cost of living started rising again, and the Government was faced with a worrying series of wage claims and major labour disputes. An unpublished Treasury forecast emphasised the inflationary economic situation.(4) Butler stood by his belief that if Britain priced itself out of export markets through high costs and wages,

> ... we should be taking a short cut to national bankruptcy because our competitive power would be disastrously weakened and the consequent worsening of the balance of payments would destroy for the time being any chances of a further improvement in the standard of living.(5)

Butler hoped that the fiscal and monetary measures implemented in February 1955 would deal with these difficulties in the short term. Bank Rate was increased in two stages from 3 to 4.5 per cent, and a mild series of hire purchase restrictions were introduced. However, the long term situation was uncertain. Butler realised that if things

went wrong monetary and fiscal means could not bring the economy under control quickly enough without a measure of overkill. He told the Cabinet that while a credit policy could contribute towards a balanced economy, the battle against inflationary tendencies had to be fought mainly in other areas of economic policy, such as public expenditure and industrial relations.(6)

Therefore, Butler was cautious about the opportunity for reductions in taxation, despite the renewed optimism of Treasury officials that the February measures had done the trick. It was his intention to deliver a cautious Budget, although he played down the warnings of impending difficulties. In these circumstances Butler's preference was for an early election, and he made this clear to Eden. Privately Butler felt unsure about how much longer he would be able to maintain the delicate electoral balancing act of the previous three years. A policy of tax cuts and increased spending could not go on forever, and an election would hopefully give the Conservatives a more secure majority with which to develop new policies. Robert Hall noted that, 'Until an election has taken place there is bound to be uncertainty both about Government policy and about the result of the election.'(7)

The paradox was that the decision in favour of an early election increased the pressure for a favourable Budget which would exacerbate the problems. Hall wrote that,

> ... almost everyone felt that it would be politically impossible to do nothing: it was a question of how to make it look as little like

> bribery of the electorate as possible and also not taking too many risks with the economy.(8)

Butler attempted to follow this delicate balancing act in his Budget which he announced on 19 April. He took 6d. off the standard rate of income tax and raised personal allowances, thereby relieving 2.4 million people from paying income tax, in the, as it turned out, vain hope that this would encourage savings instead of consumption.(9)

Butler believed that he could get away with a tax cutting Budget, as the effective use of monetary policy would cancel out the effect of Budget concessions in the short-term, and new policies would be implemented after the election. Significantly he suggested that all might not be well and that greater restraint might be needed later on. He was careful to ensure that the Conservative Manifesto, United For Peace And Progress, carried as few spending commitments as possible. He warned that,

> Any country pursuing a policy of economic expansion and full employment faces a constant danger of inflation. The risk is that home demand may take away from the export trade and swell the import bill.(10)

Butler was keen to stress another more human side to Conservative policy, such as equality of opportunity and freedom of choice. He felt that the press had done less than justice to this theme in the Tory programme. Yet it was not just the press which was preoccupied with economic prosperity. The Manchester Guardian reported that some Tory candidates,

> ... threw all caution to the wind; to read their speeches one might think that the country had only

> to return a Conservative government to be assured of everlasting prosperity.(11)

It was unfortunate for Butler that he did not make his warnings in more forthright terms, so as to attract greater attention, but this would have had adverse electoral consequences. The Economist recognised Butler's dilemma:

> To have given nothing would have proved Mr Butler too much of an economist to survive in politics; to have given the lot would have shown him too much of a politician to have charge of the national economy .... Politics is the art of the possible, and Mr Butler has done about as much as a Chancellor with so exiguous a majority could have done.

The Budget was generally well received - it certainly did no harm to the Conservatives' electoral prospects, and the Gallup polls predicted a small swing in the Conservatives' favour.(12)

The final result in the general election on 26th May was a resounding victory for the Conservative Party, with 49.7 per cent of the vote and a majority of 59 over all other parties. It was the first time in over ninety years that a political party had been re-elected with an increased majority. Butler's Budget had contributed in no small way to the success. Robert Hall wrote that the Tory victory,

> ... isn't big enough to make the Tories feel overconfident and in fact I should think it confirms both RAB and the policy he worked for of going as far as he could towards welfare state ideas. His personal standing with the PM must have gone up.(13)

There is no doubt that a sense of well-being pervaded the country, for which the Conservatives were given the credit, as Tony Benn, the Labour MP, testified in his diary. Conservative reports showed that there had been a distinct decline in voters' interest in political matters and a

corresponding increase in material ones. Most people, especially wage earners, were distinctly better off, but there was concern that, despite the favourable economic conditions, the Tories had not done better. If prosperity was rapidly driving the working classes into middle class habits of consumption, Party managers feared that it was only very slowly driving them into middle class attitudes of voting. Many of those in the working classes who turned away from Labour abstained rather than vote Conservative, because of an underlying suspicion of Tory intentions. Therefore, a Research Department report in June 1955 concluded that,

> Too many people still had a prejudice against voting Conservative. The three and a half years of Conservative Government with its splendid leadership and progressive policies was too short politically to dispel that feeling.(14)

On the other side of the Conservative electoral equation there was an early warning sign that many of the traditional Conservative supporters in the middle classes felt aggrieved. Research Department reports showed that half a million people who voted Conservative in 1951 did not vote in 1955. Martin Redmayne, a Conservative Whip, expressed the fear that, 'I am not sure it will be a very comfortable majority.' Butler's hopes for a more decisive policy looked in doubt as the Government continued to regard itself as a prisoner of the diverse nature of its electoral support.(15)

Butler's fears about the economy were realised within weeks of the election. The April tax cuts had given a further boost to demand, resulting in soaring imports and a balance of payments deficit, which amounted to 456 million pounds

for the previous six months. Furthermore, the Government's appeasement minded industrial policy resulted in the concession of inflationary wage settlements as the price of industrial harmony. In his attempt to pursue new policies, Butler lost the confidence of the Prime Minister and was removed from the Treasury, his reputation severely damaged. Butler ruefully pointed out in his memoirs, 'If I had been less scrupulous about the economy I would have retired in May.'(16)

Butler's long term aim was to set the pound free, as part of his vision of a free market economy. He had made further informal moves towards making the pound convertible with other currencies. When his decision to support 'transferable sterling' in the market was announced to the House of Commons on 24th February 1955 Hugh Gaitskell, the shadow Chancellor, commented that, '...it meant in effect convertibility by the back door.' It was a measure of Butler's success that by the time Eden became Prime Minister he was suprised at the extent of the progress towards this end. Yet his reaction that, '... having done so it seems that the best course is probably to go completely convertible,' may have given Butler the expectation of Eden's support for the development of new economic and social policies.(17)

However, rumours that the pound would be allowed to float and made fully convertible in July 1955, put the pound under constant assault as holders of sterling sold heavily in

expectation of its devaluation. At the International Monetary Fund (IMF) Conference at Istanbul, in September 1955, Butler was forced to formally abandon all hope of making the pound fully convertible in the immediate future. In a minute to the Prime Minister he wrote,

> To adopt convertibility in September at a time of weakness, and without having secured any of the measures which we have always announced will accompany convertibility (e.g.,a standby credit) would be unwise and expose us to strong criticism.(18)

The difficulties of moving towards convertibility whilst maintaining a fixed rate of exchange of $2.80 and high levels of Government spending, convinced Butler of the need for delay. However, he did not rule out full convertibility at a later date, possibly in the spring of 1956.(19) Butler's failure to gain the Cabinet's support for the policies to enable this to happen was largely due to the unwillingness of the Cabinet, and Eden in particular, to support any measures that might antagonise potential sources of Conservative electoral support in the working classes.

Butler could be criticised, with the benefit of hindsight, for not dampening down economic growth sooner and more decisively. The deflationary measures implemented by Butler reflected his continuing reliance on short term monetary measures. In July 1955 he found it necessary to restrict lending even further, strengthen credit and hire purchase restrictions, and slow down investment in the nationalised industries. However, Butler recognised that the banks and the public could not be expected to accept the need for

credit restrictions, unless they were also applied to Government expenditure. He was prepared to grasp this nettle but he declared in his memoirs that,

> ... after the successful election Ministers and, particularly, the party in the House were not in a mood for self-immolation.(20)

Eden's stipulation that, 'Any changes must be fair and seen to be so; we had to have a balanced plan,' in order to avoid adverse electoral consequences, resulted in a damaging disagreement with his Chancellor. Butler suffered first hand experience of Eden's high handedness, irresolution, frequent bursts of temper, and intolerable, often senseless, interference with Ministers' work.(21) He was prevented from implementing the necessary measures, yet the blame for their poor reception fell on Butler rather than Eden, whose wishes they most clearly reflected.

The measures eventually proposed by Butler, in September 1955, included cuts in local authority expenditure, especially on housing, defence cuts, the abolition of the bread subsidy, and a reduction in the subsidy on school meals. On the fiscal side he proposed increases in the tax on distributed profits, and in purchase tax to boost exports. He also suggested an appeal to industry to do their utmost to avoid increases in dividends, profit margins, and prices, so that there was a balance between consumers and producers. Butler gave a veiled warning to Eden about the implications of not accepting his proposals in their entirety:

> My judgement is that, provided that the scheme is

> adopted in its entirety, wholeheartedly and promptly, it should prove sufficient. But my judgement might well be different if we had recourse to half measures and some parts of the scheme were to be neglected and others modified or postponed.(22)

Butler's proposals failed the crucial test of fairness. The widespread view in the Cabinet was that the plan was not sufficiently balanced between the various sections of the community, or between consumption and investment. It was felt that further restraint was needed on profits and dividends, otherwise the pressure for higher wages would not be reduced, and the Government would probably incur massive unpopularity.(23)

Eden therefore proposed the introduction of a capital gains tax to balance the demands made on all sections of society. Butler successfully resisted this demand to impose an additional burden on those companies and individuals, whose performance he probably regarded as the basis of any economic recovery. He argued that the administrative difficulties in the way of introducing such a measure were 'insuperable', and did not believe there would be any immediate benefit. Eden's irritation was clear and he noted in his diary that,

> We must not appear like the the hard faced men of 1918. All this I told him [Butler] on Monday and he appeared to agree - or at least he said he did - but when it comes to action the result is poor.(24)

Eden was more successful in resisting Butler's proposals for spending cuts. The Cabinet felt that the other measures proposed, whilst 'mopping up' purchasing power, might be

represented as an attack on working class living standards, and stimulate the pressure for higher wages, 'not all of which can be resisted.' They might also have led to demands for increases in national assistance and pension rates, thereby raising prices and boosting inflation. Accordingly, Ministers decided against abolishing the bread subsidy.(25)

Butler felt strongly enough to write in September 1955 that, 'I could not get my way and, no doubt, should have resigned,' the only occasion on which he committed such a view to paper. What stopped him was probably a desire to see through the current economic difficulties and salvage some of his reputation as Chancellor. The psychological impact of the abolition of the bread subsidy would have been greater than the savings earned, but it would have shown the Government's determination to put its own house in order, thereby inspiring confidence in the markets. Without it, there was an absence of measures to effect a substantial reduction in Government expenditure.(26)

Butler had intended to present his proposals in one package at the end of September, which meant the early recall of Parliament. It would have come soon after his firm declaration at Istanbul, and, therefore, had the maximum effect in terms of confidence. Unfortunately the long and arduous Cabinet discussions on the proposals denied Butler his wish for prompt and speedy action. The recall of Parliament was postponed to 17th October, and then to 25th October, as originally planned. It was felt that an early

recall would weaken confidence instead of restoring it, but the delay led to a loss of confidence and a serious deterioration in the reserves. On 25th October Butler told the Cabinet that,

> The inevitable delay in announcing the Government's measures to deal with the economic situation had unfortunately meant that an atmosphere had been created in which the Government's proposals might not be well received.(27)

Butler presented his autumn Budget to the House of Commons on 26th October. He was subjected to a heated attack from Hugh Gaitskell, the shadow Chancellor and aspirant to the Labour leadership, who accused Butler of deliberately deceiving the country about the state of the economy in his spring Budget, in order to secure the Conservative election victory. The attack deeply wounded Butler, probably because there was some truth in it, but he made a spirited defence of his policy, explaining the need for the measures in order to protect full employment, an aim which Labour could hardly attack. Butler put up a good performance. The Manchester Guardian reported that,

> It was one of the most effective speeches he has made in the House of Commons, and the Opposition, judging by its restrained attitude, knows the begetter of the New Conservatism is still a force to be reckoned with.(28)

However, there remained an undercurrent of dissatisfaction on the Conservative backbenches. Michael Fraser, director of the Conservative Research Department, believed that the safe Government majority had removed Conservative inhibitions about being critical of the Party leadership. There was profound concern at the Government's credit squeeze, which

was hitting hardest those who had no opportunity to increase their incomes.(29) In December 1955 the Tories nearly lost the 'safe' seat of Torquay in a by-election. It marked the first sign of a Liberal resurgence at the expense of Conservative candidates in suburban strongholds, and the beginnings of what became known as a 'middle-class revolt'.(30)

Party workers were also concerned that the other half of the electoral equation was under strain. It was feared that the working classes were upset at deflationary measures which as far as they could see were not needed in the prosperous economic conditions. Fraser concluded that,

> ... we must be careful to keep the balance in policy between the interests of the new broad based Party which we now have and those of the vocal and important middle-class minority groups which include many of the Party's zealots and feel that their standards are still deteriorating and that they are missing a share in the country's growing wealth.(31)

It seemed that the Conservatives' electoral balancing act was falling apart yet the Government did not have a positive response, having rejected Butler's proposals.

The whole Budget episode had a very bad effect on Butler's political reputation, but his future had already been decided. There was a widespread feeling at the time that Butler was 'tired and depressed' after a four year slog at the Treasury. Eden considered that he had 'temporarily lost his grip,' a view shared by Robert Hall at the Treasury, and he was determined to move him as soon as opportunity allowed. Eden's private consultations with Macmillan on the

state of the economy was an early indication of his lack of confidence in Butler and the Treasury.(32)

Butler's removal from the Treasury

Eden had first suggested the possibility of 'a change of bowling' at the Treasury 'in the summer', an offer which was formalised in September. Eden '... wanted more political leadership in the Commons, more handling of the Party,' and offered Butler the Leadership of the House of Commons, with the responsibility for Conservative Party fortunes in the country. Patrick Buchan-Hepburn, the Chief Whip, attributed Butler's reluctant response to his concern to ensure the maintenance of his economic policy. Butler was not keen to leave the Treasury before dealing with the current economic difficulties which had dented his reputation and his leadership hopes. According to Eden's Press Secretary, William Clark, he was also concerned that he might not have enough to do in his new post and was reluctant to give up the power of the Treasury, '... to deal with a lot of dunderheads in Parliament...' Michael Fraser, Butler's confidant in such matters, warned that,

> ... any other arrangement occurring between now and the next Budget would seem to me to be bound to be taken by the press and by the Opposition as an opportunity for saying that the Government is discarding your policies and that this is the "oubliette". That would be very damaging both to you and to the Party.

However, it soon became clear that Eden would not be moved on the timing of any changes.(33)

The timing of any move was dependent on Butler's intended successor at the Treasury, Harold Macmillan, who was furious

at his enforced removal from Eden's own sphere of interest, the Foreign Office. As a result, he laid down terms which verged on the insubordinate, and had a direct impact on Butler's position and future. In a letter to Eden he demanded

> ... an unchallenged control within my own sphere.... As Chancellor, I must be undisputed head of the Home Front under you.... I could not agree that he [Butler] should be Deputy Prime Minister.(34)

Macmillan also stipulated that it should be, in the words of the Lord Chancellor, Lord Kilmuir, '... a step towards and not away from the Premiership.' The Prime Minister reluctantly agreed to these terms, which was remarkable considering that Macmillan was three years older than Eden, who was only eight months into a possible five year term. Butler was eight years younger than Macmillan and there was no equivalent temptation to hurry things along. He was denied the title of Deputy Prime Minister, which Fraser had pressed him to demand as the price for any move, but he was empowered to preside over the Cabinet in Eden's absence, as before. Macmillan's demand and Eden's acceptance showed how far the balance of power had shifted in favour of Macmillan and against Butler.(35)

Eden's Press Secretary, William Clark, testified to the difficulties of giving guidance to the Press on the reshuffle, which finally took place on 22 December. The changes were given a tepid reception, and were judged by The Times as 'unimaginative and too long delayed.' Butler was 'deeply hurt' at the suggestion that he had to give up the Treasury because he was over-tired and had not recovered

from his wife's death. Henry Fairlie, in The Spectator, argued that he had not really been given a proper job to do:

> Mr Butler has been removed to a post which I do not believe exists. There is a great myth in British politics about non-departmental supervisory Ministers. (The myth is usually spread by the woolly-minded who want to find a spot for a woolly-minded friend).(36)

Above all, Eden's actions had upset his two most senior colleagues.

The Government reshuffle encouraged speculation that there was now a two horse race for the succession to Eden, with Macmillan making all the running. An old colleague, Lord Beaverbrook, predicted that Macmillan '... will live to perpetrate great mischief,' Butler was warned as an 'old friend' by the outgoing Leader of the House, Harry Crookshank, that he was, '... committing political suicide if he left without doing another Budget,' but this may just have been sour grapes at losing his own job.(37)

Butler's term as Chancellor of the Exchequer had come to an end on a low point, with his reputation damaged by the economic difficulties of 1955. In four years at the Treasury he had shown himself to be willing to develop a distinctive economic and social policy to 'set the people free' from excessive state controls and high taxation, and at the same time still maintain an adequate provision of services by the state for those sections of the community that wanted them. Some progress was made towards this aim by the gradual abolition of food subsidies and controls, the introduction of charges in the NHS, and the encouragement of private

housing, all of which enabled Butler to cut taxes. However, these changes were incremental, since the Cabinet was unwilling to accept the adverese electoral consequences of floating the pound and making it convertible, or implementing massive spending cuts proposed by Butler.

Political considerations were as important as economic ones. The Tories believed that they had to perform a delicate balancing act between traditional supporters who demanded spending cuts to finance tax cuts, and a large body of working class voters who remained suspicious of the Conservative Party's 'laissez faire' tendency. A favourable shift in the international economic climate made most Ministers content to preserve the status quo, and meant that Butler did not always manage to persuade colleagues of the necessity of his proposals. Robert Hall, one of his closest advisers, regarded this failure as evidence of Butler's reluctance to confront urgent economic isssues. He observed that,

> I think on the whole he was a weak Chancellor who came on at a time when the tide was running in his favour and was clever enough to give it a chance.... Yet he did his party a great service in getting them to accept the welfare state and the country to believe that it had been accepted.(38)

In fact, Butler recognised the need for decisive changes, as his proposals in 1955 showed. The tragedy for him was that despite the Government's increased majority, the Cabinet was still unwilling to support him.

Butler tried to look on the bright side. He had not been in the House of Commons much over the past four years, and he

told diplomat Sir Gladwyn Jebb that being Leader of the House, '... would be good training if he were to become Prime Minister.' He was attracted by the idea of a wider job to develop Conservative policy. Fraser believed that the main advantage of the proposed move was that,

> By freeing yourself from the trammels of day to day administration you could once again raise your eyes to the horizon and play a leading part in the planning of future policy.

He suggested that this role would be very important when it came to planning for the next election. Butler tried to reassure himself and according to Clark he kept repeating, 'I've been very calm.'(39)

The Conservatives' 'thinker without portfolio': 1956

The new year heralded a new opportunity for Butler. The Times optimistically declared that the pace, temper and effectiveness of the new Parliament would be very much down to Butler. As Leader of the House of Commons he would be the key to the fortunes of the Conservative Party and the Government. The Observer noted that it would be interesting to see if Butler attempted to rebuild his standing in Parliament and the Party.(40)

There were three strands to his new role - first, to steer Government legislation through the House of Commons sucessfully; second, to develop a new, distinctive Conservative programme for the years to come, in his continuing role as Chairman of the Conservative Research Department; and third, to be responsible for the Government's publicity and public relations in his new role

as Chairman of the Liaison Committee.(41) In these roles Butler should have influenced many aspects of Government policy and cultivated good relations with the Prime Minister, Conservative backbenchers, and the constituency organisations; all useful assets in any battle for the leadership succession. Unfortunately it proved to be a very frustrating period for him, since he did not receive much credit for his work.

Butler's new role brought him into even closer contact with the Prime Minister. William Clark expressed concern that it would throw a strain on his relations with Eden, as they would be working even more closely together and disputing the same territory. Clark's concerns were well founded. Butler found himself unable to take Eden wholly seriously, and relations had been soured by the experience of the past six months.(42)

Their new relationship could not have got off to a worse start. By January 1956 the Government was extremely unpopular. The political consequences of the economic difficulties were reflected in a Tory slump in the Gallup polls. Eden in particular was the subject of vehement criticism in the Press. This criticism reached a climax on 3 January 1956 when the Daily Telegraph demanded 'the smack of firm government.' The Observer carried a front page headline, 'Eden-Must-Go Move Grows', while The People asserted that,

> Sir Anthony Eden is all set to retire. He is to be succeeded by Mr Butler. The only decision left to be

made is the date of the change-over.(43)

In his first task as Minister responible for public relations, Butler was less than successful in deflecting the press criticism and rumours. His hasty assent to the view that Eden was 'the best Prime Minister we have,' and even more damaging, 'My determination is to support the Prime Minister in all his difficulties,' served only to inflame the situation. Butler reflected that, 'I do not think it did Anthony any good. It did not do me any good either.' Eden's immediate denial of any intention to resign, and his dismissal of 'cantankerous' press attacks in a speech at Bradford showed how hurt he was by the criticism, and it showed on his nerves which were never that strong. An over-protective wife fed his sensitivity. Eden complained to Clark,

> Clarissa has been saying to me that my reputation has suffered over the Budget far more than RAB's and that you oughtn't to favour RAB at my expense. It's no good you saying that everyone is all right except the Prime Minister, who just dithers.(44)

It seemed that Butler's reputation had not been so badly damaged by the autumn Budget as he had feared. In fact he was being equally criticised, but this did not ease Eden's sensitivity or make for good relations between the two.

In his role as Leader of the House of Commons, Butler was more successful. In partnership with Edward Heath, the new Chief Whip, he quickly achieved a marked improvement in the mood of the backbenches. The Economist declared,

> Both are relatively young "new" Tories able to talk to their exceptionally young party in contemporary terms, and not in the language of the Edwardian era.

Between them they successfully defused a number of threatened revolts, including the long running debate over capital punishment. It was, therefore, suprising that Butler's attempts to cultivate personal support on the backbenches met with little success. Gaitskell noted that Butler had been playing up his position as the man representing the backbenchers, but Bob Boothby remarked to him in March 1956 that the Tories regarded Butler with 'contemptuous disdain.'(45)

Butler continued to be regarded as remote, impersonal, and lacking in the inspirational qualities required of a Party manager. His appearances in Parliamentary debates were very limited. In fact he made only two appearances in debates between January and July 1956. Hubert Ashton, his Parliamentary Private Secretary (PPS), was alarmed at his demeanour. It was a critical time both for the Party and for Butler, and in March 1956 he warned that,

> ... many of your own good friends are getting more and more anxious about you, not in private affairs - but in public ones especially in the House...[and]... urging the vital necessity of your getting to know the Party better. Those who do not know you think you are rather aloof and they are as anxious as I that they should get to know that this is not really so. But they cannot unless you give them a chance.

Ashton compared Butler adversely with Macmillan's willingness to chat with backbenchers in the Smoking Room, and concluded,

> ... I have no doubt we shall weather the storm. But we are certainly in one now and we want all deck hands & officers at action stations.(46)

Butler may have considered that the position of Leader of the House had to be by necessity as non-political as possible, with its responsibility for all MPs in the House. The heart of the problem was that Butler was unable to hide his contempt for 'dunderheads', even if they were Tory MPs. Deryk Winterton of The Daily Herald declared that,

> They think he is too clever by half. An intellectual without the grace to pretend that he is not... a master of the dubious phrase and uncertain compliment.

In this respect Butler made no headway in rebuilding his reputation. Increasingly Butler seemed a marginal figure. Ian Waller of The Daily Mail wrote,

> If the year goes on as it has begun, it will not be Sir Anthony Eden but Harold Macmillan who reigns in Downing Street in 1957.

He did not appear to the outside world to be playing a very active part in politics, particularly as he was laid low by a mysterious illness in the summer of 1956. The Spectator felt moved to comment that Butler was '... a horse ready to be put out to grass,' and The Daily Mail speculated that he might be '... on his way to the House of Lords.' Butler denied this vehemently, but the mere fact that it should have been given currency by a Tory newspaper demonstrated how far his position had slumped since the days when he was seen as the only viable alternative to Eden. Lady Cynthia Jebb, a friend of the family,

> ... thought he seemed in a bad way altogether, talking endlessly about himself, his failures and difficulties, and recapitulating the recent moves and Budgets... when I saw him in London in March he... said, 'Why do people think I am tired and run down: I'm very well, aren't I?' I replied that he would always give this impression if he talked about himself and his difficulties so much. He took this well, and wondered why he did so.(47)

The problem for Butler was that his job precluded a high public profile, thereby encouraging such rumours. His duties did not attract great public interest in the way that they did at the Treasury. The Economist rightly observed that, '... much of his work will lie unseen in the twilight field where government and party merge.' It was undoubtedly the philisophic part of his reponsibilities that he relished most. His former lieutenant, Reginald Maudling, declared,

> I feel, like the Labour Party, we have exhausted our original impulse after 4 years in office and something new is now required if we are not to sink slowly and steadily to decisive defeat. I am sure you will provide the intellectual stimulus we need.(48)

Butler was willing to give this. He wanted to develop a distinctive Conservative domestic policy. Drawing upon his experience as Chancellor, he pursued his policy of incremental change in the fields of social policy and industrial relations in the hope of retaining the new broad based support for the Conservative Party, and gradually shifting political discussion towards a Conservative perspective.

Butler's experience as Chancellor of recurring economic crises meant that welfare expenditure came under frequent examination. His attempts to limit expenditure through annual ecomony exercises had been exhausted, and the events of 1955 showed how the Chancellor could be isolated in Cabinet when he sought to restrict expenditure. A five year review was undertaken by Treasury officials, which showed that social expenditure, even under existing policies, would

outstrip the estimated increase in GNP. In July 1955 Butler had presented a memorandum to the Cabinet which stressed that in the Conservatives' previous term of office social expenditure had risen by 35 per cent, whilst GNP had increased only by 25 per cent, and the gap was expected to increase formidably.(49)

As a result Butler was instrumental in gaining the Cabinet's approval for the establishment, early in 1956, of a Social Services Committee, under his chairmanship, to examine ways of restraining and reducing expenditure. This was the opportunity Butler had been waiting for to effect decisive change in the Government's social policy, by assigning a fixed percentage of GNP to social expenditure, which Treasury officials calculated as meaning a cut in projected expenditure of 137 million pounds. Butler presented the case for expenditure cuts on the basis of the Conservatives' belief in the need to avoid higher taxation and if possible to reduce it, in order to satisfy traditional Tory supporters.(50)

However, the Committee rejected all the radical Treasury proposals, such as hospital boarding charges, increased prescription charges, reductions in the ages for compulsory school attendance, the introduction of school fees, and increased charges for school meals. They felt able to do so in the light of their finding that,

> ... expenditure on the social services, although tending to increase each year in absolute terms was in fact taking a decreasing proportion of national income which was rising more rapidly.(51)

From Butler's point of view the Committee had been successful in achieving its aim, but this was no cause for complacency. He had been an 'enthusiastic supporter' of further expenditure cuts in February 1956, particularly the abolition of the bread and milk subsidy and reductions in the housing subsidy, an argument he had lost six months before. This was far more preferable to Macmillan's consideration of a capital gains tax and new import controls, or his proposal to reimpose the 6d on income tax, which Butler had removed before the 1955 election. Butler threatened resignation to ensure its rejection, but Robert Hall noted that, '... no one knows whether to believe him or not.' He regarded such proposals as contrary to the Conservative vision of 'setting the people free' and, more significantly, a humiliating reversal of his April 1955 Budget. Eden supported this view, and Macmillan did not press his case, as a tax increase would have outraged Tory supporters who already resented paying for the prosperity of organised labour.(52)

Butler was also given responsibility for coming up with a solution to the growing problem of wage increases that was resulting from full employment and the increased power of the trade unions. It had become clear to him from bitter experience that monetary policy alone was insufficient to tackle inflation. With the abrupt curtailment of Eden's honeymoon period in May 1955 by industrial action, he established a Cabinet Committee to look into industrial relations, with Butler as Chairman. However, he warned the

Prime Minister, '... it is by no means certain that there is any early action the Government can take.' With this in mind the Committee proceeded to rule out all proposals requiring legislation. It did agree to investigate the possibility of introducing a legal requirememnt for a period of reflection before strike action was taken, plus other measures to improve the industrial atmosphere, including profit sharing. Little came of these investigations. Butler felt that to impose such schemes as a cure-all would be the antithesis of the Conservtive vision of free enterprise and market forces. He accepted the view of the Research Department that,

> The conditions that go to make good industrial relations are indeed too varied and too intangible to be brought "within the cramping grip of legislation" or quasi-legislation.(53)

Instead Butler preferred a long-term solution. The Committee decided to issue a statement of Government policy in March 1956, a White Paper on The Economic Implications of Full Employment, in an attempt to educate public opinion. It stated that prices had increased by 50 per cent since the war, as incomes rose faster than output. It highlighted the fundamental problem that,

> If the prosperous economic conditions necessary to maintain full employment are exploited by trade unions and business men, price stability and full employment become incompatible.

In the absence of such restraint the maintenance of full employment could not be guaranteed.(54)

In addition, Butler told a meeting of the Conservative Political Centre (CPC), at the 1956 Party Conference in

Llandudno, that the Government had been looking at some of the proposals contained in the Workers' Charter of 1947. One consequence of this was the announcement by Iain Macleod, the Minister of Labour, of the introduction of contracts of service, 'if necessary by legislation', for every wage earner in industry.(55)

Butler acknowledged that trade unionists had to be made aware of the need for sacrifice in order to ensure national well-being. His overriding priority was to make British goods more competitive abroad and increase Britain's share of world trade. He wanted industry to take advantage of the 'new Industrial Revolution' created by technological advances. This meant providing workers with not just the material benefits of prosperity but also the right skills, even if this created an adverse electoral situation. Butler emphasised that,

> ... the doctrine of 'prosperity politics', and voting Conservative because one's own position is better or grumbling against the Government because one's own personal dividends are reduced, is neither satisfying nor satisfactory....(56)

The emphasis on technology was seen by the press as Butler's personal achievement. In June 1956 he presented the Government's White Paper on technical education, which proposed the establishment of eight new colleges of advanced technology, all of which later became universities. He rejected the idea that 'there should be any difference in social status between the technician and the man of the arts.' Therefore, Butler called for more flexibility in applying his 1944 Education Act in order to achieve equality of opportunity. He had,

> ... always thought that there should be much elasticity of choice and provision for later transfer, at least between the ages of 11 and 13... [and] ... had never minded the idea of experiments in different types of schools.

This reflected Butler's commitment to the widest variety of choice in school provision, including comprehensives and technical schools, whilst vigorously defending the maintenance of grammar and public school education.(57)

However, Butler acknowledged that the restoration of freedom of choice to the individual had brought problems with it. He believed that some traditional Tory voters had not improved their material prosperity, and felt 'dwarfed and defenceless' in the face of the power of trade unions. Butler stressed that lower taxation, increased pensions, and better social services were of great benefit to all sections of the community. He maintained that the Conservative Party remained the only hope for the continuance and development of 'middle-class' values, but they would have to compete equally with other interests in the free market. Butler believed the Conservatives were a national Party whose,

> ... policy is to work for the nation as a whole - town and country, employers and employed, professions and Unions, working class and middle class - respecting and balancing the interests of all, but without subservience to any one.(58)

The Economist praised Butler's efforts as 'thinker without portfolio.' He had set out a clear programme in which Conservative policies emphasised the differences with Labour policies, such as the commitment to equality of opportunity and individual freedom of choice. This, it was argued,

differed from Eden and Macmillan's strategy, of ensuring that the Tories lacked a distinctive image, which would guarantee electoral defeat. Therefore, '... the real message of Llandudno was not "more Conservatism more quickly", but "more Butlerism more briskly".'(59)

In-so-far as they were called on to judge voters confirmed the verdict of The Economist. If the middle-class revolt did not emerge at the Party Conference, its presence was strikingly felt in electoral terms throughout 1956. Mere words were not enough to satisfy the middle-classes; they wanted more Conservative policies more quickly. There was a persistent feeling that the Government should reduce its expenditure, and growing resentment that the anti-inflationary measures were falling heaviest on them, rather than on the workers who had the trade unions to protect their interests. Early in 1956 the Conservatives nearly lost by-elections in Hereford, Gainsborough, and Taunton, and in June there was a very close contest in Tonbridge. The seat contained a large proportion of middle-class professional families, both active and retired. They felt that they had become 'the Cinderellas of the economic system,' and they showed their discontent by abstaining. The correspondence columns of The Times reflected a widespread feeling that if the Tories were content to maintain Socialist policies, at the expense of the middle-class and fixed income groups, then there might as well be a Socialist government too. The formation of The Middle Class Alliance and The People's League For The Defence Of Freedom were gloomy portents of increasing disaffection with the Government.(60)

The Government was not complacent about this threat, but the scope for remedial action was limited, due to the need to appeal to a wider electorate in order to maintain a good working majority. The Economist pointed out that a Tonbridge-like swing was unlikely at a General Election, as disgruntled supporters returned to the fold.(61) Middle-class discontent would continue to be a cause for concern throughout the 1955 Parliament. However, it was hoped that the maintenance of a strong foreign policy would encourage people to look beyond their own difficulties and take pride in Britain's continuing role as a great power.

Butler's role in foreign policy under Eden

Butler's duties also involved him in international affairs, where his political touch was less sure. The Eden Government adhered to Churchill's 'three concentric circles' view of foreign policy, in which Britain was the only country with influence in the US/Atlantic 'circle', the imperial/Commonwealth 'circle', and, least important of all, the European 'circle'. It continued to uphold the belief that Britain was a great power, and it was felt that if Britain committed itself too much to one circle it would lose influence in the other circles. However, under Eden the validity of the 'concentric circles' model, which Butler upheld, was seriously damaged.

By the 1950s continental Western European countries had decided on a policy of integration to rebuild Europe. The

Eden Government shied away from any process which required supranationality and the pooling of sovereignty. However, the discussions at Messina in November 1955, and the establishment of the Spaak Committee signalled the Western European countries' resolve to create an economic community, and they wanted a positive British reaction to take part.(62)

Butler played a leading role in ensuring Britain's continued estrangement from Europe. In November 1955 he told the Economic Policy Committee of the Cabinet that,

> ... it seemed clear that the UK should avoid joining a European common market, at any rate for some time to come.

Ministers agreed with him on the grounds that it would lead to a 'division in Europe' and 'to the creation of a bloc discriminating against the United States', and participation would 'eventually mean the end of the present system of Imperial Preference.' However, the Home and Overseas Policy Sub-Committee of the Cabinet, chaired by Butler, recognised the growing importance of Europe, and that Britain stood to gain economically from going in, but the balance of advantages was not sufficient to compel any rethink of policy.(63)

Therefore, Ministers decided to make every effort to stop it being formed without appearing to be hostile. Butler's natural evasiveness and ambiguity came into its own. In talks with the Dutch Foreign Minister, Beyen, and with the Belgian Foreign Minister, Spaak, in November 1955, Butler gave the impression that Britain might change its mind.

Beyen certainly left those talks believing that, '...we in the UK understood their long term aims and as good Europeans we were sympathetic to it.' When the final rejection came after Butler's soothing meetings, there was great anger at Britain's misleading actions. It was probably decisive in the ultimate failure of 'Plan G', Macmillan's radical counter proposal for a free trade area attached to the Common Market. In later years Butler recognised that a mistake had been made, '... it was in my view a definite lack of foresight on the part of myself...' The balance of opinion was and is that Britain paid dearly for its decision to withdraw from the negotiations which led to the creation of the Common Market, but at the time it has to be said that there was little support for any other course.(64) As a result, Britain was gradually excluded from influence in the European circle with the creation of the European Economic Community in 1957.

There were also disturbing signs in Britain's other spheres of interest. Within the imperial/Commonwealth 'circle' it had become clear that the Empire was in decline as Britain was no longer able to maintain its imperial interests. This was most clearly illustrated by the outbreak of the Suez crisis, in which Butler played an ill-starred role. The story of Suez has been told so often that it is only necessary to offer a brief sketch of the episode here in-so-far as it relates to Butler's fortunes.

The Suez Canal, a vital commercial link for British oil

supplies, was nationalised by Egypt in July 1956. From the outset Eden, Macmillan, and a majority in the Cabinet were heavily in favour of a military solution, not only to regain ownership of the Canal but to remove Colonel Nasser, the Egyptian leader, from power. At the time this was the dominant view in the country at large. By contrast, Butler's priority was to achieve the Government's publicly stated aim of internationalisation of the Canal by negotiated settlement if possible, or by the use of force in the last resort. However, he was not in the Prime Minister's confidence throughout the crisis, and it was possible that he was deliberately kept remote from the decision-making process. He was excluded from the all important Egypt Committee, although he took to turning up at its meetings. Butler was also absent from the early Cabinet discussions on the crisis as a result of a virus infection, which could possibly have been meningitis. It is cause for speculation as to how much it affected his behaviour in this vital period. In September Cynthia Jebb noted Foreign Secretary Selwyn Lloyd's view that Butler was, '... in a very bad way, almost pathological.'(65)

Butler was extremely doubtful about the nature of the military action proposed. The 'Israel Plan', outlined to Butler on 18 October, was first put forward by Macmillan, its foremost advocate, to the Egypt Committee on 7 August. It specified that in the event of a war between Israel and Egypt, Britain and France would intervene to separate the combatants and occupy the Canal. Butler claimed to know nothing of the final arrangements for collusion with Israel,

concluded at Sèvres on 22nd-24th October, until after they were made. He later claimed that he would have preferred an open alliance with France and Israel to free the Canal, and eventually internationalise it. Butler questioned the sanguine expectation of US support or at least benevolent neutrality, based on Macmillan's informal communications with President Eisenhower and John Foster Dulles, the US Secretary of State. He was also worried about the possible effect on sterling which would follow from a military intervention.(66)

Butler was not alone in expressing these doubts to meetings of the full Cabinet. The Minister of Defence, Walter Monckton, was an outright opponent of military action, and others such as Derrick Heathcoat-Amory, Iain Macleod, Patrick Buchan-Hepburn, and even Lord Salisbury had their doubts.(67) Rumours of a Cabinet split reached Tony Benn, who concluded that, 'It looks possible that the Cabinet is now meeting in two halves and engaged in mortal combat.' The prospect of a ceasefire between Israel and Egypt before British troops had landed led Butler and others to urge that the expedition be stopped. Eden had to threaten to resign to finally secure the Cabinet's approval for the military operation. With an appeasement past to live down Butler hedged his political bets.(68)

The invasion finally went ahead on 5 November, in response to the Israeli attack on Egypt on 29 October. No sooner had the troops landed than a ceasefire was called on 6 November.

The fighting between Israel and Egypt had ceased and, therefore, the justification for the intervention was nullified. However, the Canal remained under Egyptian control, and Nasser remained in power. Eden's health broke down, Butler managed to arouse the hostility of a majority of the Tory Party, and Macmillan secured the succession.

Butler's evasive, and ambiguous support for the Suez policy seriously damaged his standing in the Conservative Party and cost him the Premiership as, in the words of Reginald Maudling, '... he gave the impression that he was lifting his skirt to avoid the dirt.' This soon became clear even to Labour MPs. Richard Crossman observed that Butler's defence of Government policy was, '... so ingeniously disingenuous, such a palpable tissue of prevarications.' Tony Benn noted Butler's skill in answering questions on collusion by referring to the statements of Eden and Selwyn Lloyd, the Foreign Secretary, thus dissociating himself by implication from their answers. Such considerations seemed to reinforce Robert Hall's view that,

> ... the great difficulty about his character is to know whether he is as straightforward as public opinion, taken over the long run compels him to be, i.e. he would not act shabbily because it might be found out and damage his position, or whether there is any more deep principle.(69)

Butler believed that his position on Suez would win him support not lose it, by portraying the image of a man who was deeply troubled by the policy, but whose sense of Party loyalty and unity impelled him to stay in his post and support the Government's policy. He told Cynthia Jebb that,

> I keep on asking myself, "when could I have resigned"; I said to my secretary, "I don't know when I could have been able to resign".

Lady Jebb reflected that all this was '... in flat contradiction to his speeches in public, whereas in private he is quite outspoken in his criticism.' Peter Kirk, a Tory MP and an opponent of Suez, predicted that Butler would become Prime Minister as a result of the crisis. He remarked to Tony Benn:

> You all underrate Rab. When the smoke has cleared you'll find him there on top of a mound of corpses with his knife dripping with blood and an inscrutable smile on his face.

However Butler was either strangely immune to, or underestimated, the hostility felt towards him by many more Tories for the divergence between his public and private attitudes. He was bound by the ties of collective responsibility, so the doubts he expressed semi-publicly had a hollow ring, and served only to antagonise potential supporters on the backbenches. His indiscretions and unfulfilled threats of resignation were regarded as evidence of his indecisiveness and disloyalty to his leader in a time of crisis. Both the pro and anti-Suez lobby felt he was half-hearted towards their cause, and so he gained the respect and support of neither. As Butler declared in his memoirs, 'Whenever I moved in the weeks that followed, I felt the party knives sticking into my innocent back.'(70)

Butler particularly upset what Maudling called the 'blue blood and thunder' group on the right wing of the Tory Party, and especially the Suez Group, which contained up to 30 MPs, who whole-heartedly supported the Government's tough

action and were furious that the operation had been stopped. His behaviour revived memories of his support for the appeasement policies of the 1930s. If there was a Munichois stain on Butler he had failed to erase it. Pre-war attitudes still cast a long shadow in the Tory Party. It did not seem important to them that there was little to choose between Butler and Macmillan in terms of political philosophy. They organised a campaign by word of mouth and by telephone, urging those who opposed Butler's succession to notify the Party Whips immediately. Lord Lambton later wrote that, '... the campaign against Mr Butler was singularly effective. It was the most squalid political manoeuvre that I have ever been aware of...'(71)

However, it would be wrong to draw the conclusion that Macmillan won the leadership, or that Butler lost it, because of a small if vocal group of right wing MPs. His attitude disturbed many of his natural supporters. Nigel Nicolson, one of the most vocal critics of Suez, wrote at the time,

> The general feeling in the House is that he has mismanaged his attitude during the past two months. He should have been one thing or the other, not a reluctant apologist.

Years later he recalled,

> He played a double game, which lost him a lot of backing. He would speak up for the Government in the House, and then go into the Smoking Room and say to everyone how terrible it was. He thought that this would gain him support, in fact it did the reverse.(72)

It was doubly unfortunate for Butler that, with the collapse in Eden's health and his enforced rest in Jamaica from 23

November, he was left in charge of the Government,

> ... with the odious duty of withdrawing the troops, reestablishing the pound, salvaging relations with the USA and the UN, and bearing the brunt of criticism from private members, constituency worthies and the general public, for organising a withdrawal which was a collective responsibility.(73)

It seemed an impossible task. Oliver Poole, the Party Chairman, warned that the Party would not accept a withdrawal unless at least some British objectives were met. One MP described the atmosphere of November and December 1956 as,

> ... rather like going on board a steamer at the end of a very rough crossing. There was a slight smell of sickness in the Smoking Room and almost everyone looked green.(74)

Butler showed considerable political skill in keeping the Government and the Party together during the process of withdrawal. However, the majority of people in the Party and the country did not understand this. He later recalled, '.... they found it impossible to answer the question in the pubs, as to why we did not go further down the Canal.'(75)

Butler's actions merely seemed to confirm the whispering and rumour campaign, which sedulously cultivated the myth that it was all Butler's fault, that he had used his position to undermine Eden and corrode the Party and the Government from within. This was a charge which applied more accurately to Macmillan whose role throughout the crisis was not generally known. In Butler's recollection Macmillan had,

> ... switched almost overnight from being the foremost protagonist of intervention to being the leading influence for disengagement.

The decisive factor in this about-turn was the dire economic

situation, in particular the run on sterling that Butler had feared, which threatened to bankrupt the country. The USA refused to help until a ceasefire was announced and a guarantee given of readiness to withdraw from the Canal. These terms amounted to 'blackmail'. Britain's influence in the US 'circle' was not as great as Macmillan had thought, and his priority was to heal the 'schism' that had developed as the result of his misreading of the USA's position.(76)

Macmillan's turnaround was also interpreted by some observers as a bid for the Prime Minister's job. He admitted in his diaries that after Eden's physical breakdown and enforced rest in Jamaica, he realised that Eden '... could never return and remain Prime Minister for long.' Butler was '... aware that frequent talks and reunions took place in the study at No. 11,' including Thorneycroft, Eccles, Lennox-Boyd, and Sandys, who made clear their preference for Macmillan in the expectation of Eden's departure. Edward Heath, the Chief Whip, later admitted that there had also been 'contacts' within the Party. It was hardly suprising that Macmillan later chose to celebrate his succession with Heath.(77)

Macmillan's firmness, however self contradictory, was more to the Party's taste than Butler's equivocations. While Butler took the responsibility for organising the British withdrawal, Macmillan kept out of the limelight and made sure that when he spoke to the 1922 Committee he was ebullient and uplifting. He formulated the 'no apology'

approach to Suez, and successfully gave the Party the impression that Nasser had been taught a lesson he would not forget. He made liberal use of analogies with Munich and the 1930s, as his way of putting down his claim to the succession at Butler's expense. Enoch Powell reflected that, 'The sheer devilry of it verged upon the disgusting.' Macmillan was more aware of the prevailing political attitudes, and used Suez to display his toughness and realism. He was far more ruthless in his determination to be chosen, and allowed rumours of his impending retirement to circulate, declaring that he would '... never serve under Butler,' according to Brendan Bracken.(78)

In view of this situation it was highly unlikely that Butler was at the centre of moves, possibly involving manipulation of the medical evidence, to convince Eden that his position was untenable. He preferred to accept Eden's declaration of intent to carry on, just as he acquiesced in Churchill's determination to carry on in 1954-5, in the hope that it would give him time to prepare for a contest on more favourable grounds. All Butler's plans and aspirations were based on Eden carrying on in the short term.(79) Eden's illness and sudden resignation on 9 January, 1957, although suprising, did not unduly alarm Butler. His mood was one of quiet confidence, since virtually every national newspaper predicted that he would be the next Prime Minister. However, this view was not shared by the 'king-makers' in the Conservative Party.(80)

The two senior peers in the Cabinet, Lord Kilmuir, the Lord

Chancellor, and Lord Salisbury, Lord President of the Council, neither of them contenders for the post by virtue of their positions, asked each member of the Cabinet individually for their views on the succession. The overwhelming majority favoured Macmillan, with only one, Patrick Buchan-Hepburn, definitely for Butler, although he later claimed the support of Walter Monckton and James Stuart. There was a question mark over the procedure used to ascertain the views of the Cabinet, but there was no evidence to suggest that it affected the outcome. Kilmuir claimed there was no attempt '... to use what one might call a prefect's influence.' However, both he and Salisbury were Suez hardliners, and the views of their colleagues confirmed their own preference for Macmillan. Churchill also opted for Macmillan because he felt he was more decisive. Conflicting opinions surrounded the preference of the outgoing Prime Minister. It appeared that Eden's advice was neither requested nor offered, but he shared the expectation that Butler would be chosen despite his doubts about the selection process.(81)

The views of the Cabinet were endorsed by the Chief Whip, the Party Chairman, and John Morrison, the Chairman of the 1922 Committee, who found a ground swell of opinion among backbenchers for Macmillan, and a small minority who were implacably opposed to Butler at any price. The combination of these two factors secured the decision for Macmillan.(82) There was little doubt that they correctly interpreted the feelings of the Tory Party. Lord Boothby, himself an

opponent of Suez, claimed,

> There was no doubt the overwhelming majority of the party preferred Macmillan to Butler. If there'd been a vote it would have been exactly the same.(83)

It was possible that if Butler had been requested to form an administration, the Party might have rallied behind him, but the prevailing atmosphere made Macmillan a less controversial and therefore more viable successor. Lord Kilmuir believed that had Butler been sent for,

> I am sure the great majority of the Cabinet would have agreed to serve under Butler out of loyalty, but there would have been some conspicuous and highly damaging resignations, and the parliamentary party might well have disintegrated in public. In the highly charged atmosphere which remained for several months after Suez a very serious schism might have developed as a consequence of Butler's accession, and the results would have been catastrophic for the Conservative Party.(84)

Conclusion

The years 1955-57 were ones of mixed fortune in Butler's career. His April 1955 Budget helped secure an unprecedented third successive Tory victory in the general election of May 1955, but he was ill-rewarded when his colleagues refused to agree to his demands for a substantial cut in public expenditure to deal with renewed economic difficulties. His attempts to lead the way and set a new Conservative agenda were hampered by a poor working relationship with Eden and an intense rivalry with Macmillan, resulting in his humiliating removal as Chancellor.

However, in his new role as Leader of the House of Commons he was able to step back from the everyday pressures of the Treasury and consider the development of future policies. As

Chairman of the Cabinet's Social Services Committee, he successfully ensured the containment of public expenditure as a proportion of GNP. He also took a new initiative in industrial relations. Butler urged the need for wage restraint and sought to educate public opinion on the dangers of inflation. He had put his finger on a fundamental problem in the British economy. He was also keen to emphasise the spiritual or moral aspects of Conservative policy as a way of discouraging the increasing preoccupation with materialist aspirations. Therefore, Butler was carving out a new role for himself with some success, although his reputation among Tory MPs remained poor, as the Suez crisis demonstrated.

Butler was extremely unfortunate that events combined to produce a situation, Suez, in which his ambivalent and ambiguous attitude antagonised all shades of opinion in the Party, and also saw the emergence of a serious rival in Macmillan. Had there been no Suez it was possible that Butler would have gained the top job in the normal course of events. Butler's personal failings, which Tories were already familiar with - his reputed inability to make up his mind, his aloofness, his indiscretions, his pre-war record - would not have come into such sharp focus, and been regarded by his colleagues as fatal weaknesses.(85) Butler's mishandling of the issue showed, above all, that contrary to popular opinion he did have the deviousness and guile required to further his own prospects, but that he faced an even more devious rival.

Butler regarded his failure to to become Prime Minister in January 1957 as very unfair, but, as always, he was determined to stay in the game. The question now was what position could he hope for in the new Government, and how he was to rebuild his reputation in the wake of Suez.

Notes for Chapter 2

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3

'Onward in Freedom'

Butler under Macmillan, 1957-1959

Introduction

Butler kept his disappointment at being passed over for the Premiership private, taking consolation from the letters of support he received from constituents, MPs, civil servants, and ministerial colleagues. Many echoed the view that it was '...a terribly cruel price to pay for doing the right thing when you were left holding someone else's baby.' However, Party activists in all areas expressed broad approval for the choice of Macmillan, and '... almost complete absence of comment regarding Mr Butler's position.'(1) The blow to Butler should not be underestimated, and he took some time to recover. He was later to complain, 'I couldn't understand when I had done a most wonderful job - picking up the pieces after Suez - that they then chose Harold.' Cynthia Jebb noted in March that Butler,

> ... continues to talk of nothing else but how he had expected to be offered the Premiership, and whether he should have resigned.... Many people, including his admirers, think he should see a psychoanalyst.

Yet the option of refusing to serve was not entertained by Butler. Party unity was his overwhelming priority in order to restore morale and confidence, and maintain the Party in office. Both Butler and Macmillan recognised that the future of the Government lay in their working closely together.(2)

In the aftermath of Suez and the leadership crisis, the Conservative Party was in a state of acute dissension.

Macmillan revealed privately that he did not expect the new Government to last more than six weeks. While it was true that electorally the Conservatives were going through their worst period of the 1950s, Macmillan still had a majority of sixty and three years in which to put things right.(3) His overriding priority was to retain the support of disgruntled middle-class supporters and also attract the support of newly-affluent workers. It was a delicate balancing act to follow and required difficult policy decisions.

Macmillan sought to reassure his Party and the country with his own appearance of decisiveness and confidence - his 'unflappability' and 'Edwardian' style - which was in stark contrast to Butler's civil servant image. Macmillan's first act as Prime Minister was to celebrate his elevation with Edward Heath, the Chief Whip, with champagne and oysters at the Turf Club. As he wryly noted in his memoirs, 'In Smith Square - the Butler home - there would have been plain living and high thinking.'(4) From the outset there was a tension between Macmillan and Butler's style and concept of Conservatism.

It was commonly believed that Macmillan and Butler shared a similar outlook on policy, despite the contrast between Macmillan's early radicalism and Butler's loyal service in the inter-war Governments. They had both worked together on the reformulation of Party policy after 1945. However, Butler had some doubts about Macmillan's policy outlook because of his spending spree as Minister of Housing, and

his willingness to consider unorthodox policies, such as tax increases and the introduction of a capital gains tax, as Chancellor. Paradoxically, Macmillan's succession to the Premiership was widely seen as a victory for the right wing of the Party. Unlike Butler he knew instinctively when to make right wing noises or put a right wing gloss on things, as the Suez episode had shown.(5)

Even Butler was forced to concede his rival's political dexterity. He elaborated on his attitude in a letter to the former Chief Whip, Lord Hailes, in May 1958,

> ... my description of the Prime Minister as being the restoration monarch of modern times is, I think, just.... He has an infinite capacity for elasticity which might tire his friends if they did not realise that he is ruthless in his determination to carry the disaffected along with him at all costs.... He is regarded with great confidence in the Cabinet and better supported than any other living person in our Party would be in the House of Commons.(6)

This elasticity was reflected in the formation of Macmillan's first Cabinet. The retention of Suez hardliners like Peter Thorneycroft, Duncan Sandys and David Eccles, while his own supporters were retired to the House of Lords, confirmed Butler's belief that they had helped to secure the succession for Macmillan. However, the right could take no comfort from having Butler at the Home Office, in addition to his duties as Leader of the House of Commons and Lord Privy Seal, where his liberal views further antagonised Party supporters. It was not his preferred job, but he did not feel able to resist Macmillan's wishes at a point when his own reputation was at a low point.(7)

Despite being the dominant partner in their relationship,

Macmillan observed the formalities and, '... felt it necessary to clear most things with Butler, whom he also asked to deputise for him when he was away.' He clearly did not regard Butler as a threat to his leadership. Their relationship was based on mutual respect rather than friendship. Butler was later to comment, 'I couldn't deal with Eden, but I could deal with Macmillan ...'(8) His loyalty to Macmillan helped him to rebuild his reputation in the Party, and, as the recognised number two in the Government, he was regarded as the heir apparent by public opinion, if not by Party activists.

The fact that they operated in largely different spheres and therefore kept their distance, helped their working relationship. Macmillan's main interest was in international affairs, and he was never more than marginally interested in the affairs of the Home Office or the domestic front in general, save for the important exception of economic policy. He could say with equanimity, 'I left that side all to Rab and Henry Brooke.'(9) The common belief has been that, by maintaining a consensus on how the economy and welfare state should operate, policies desirable for the long term well being of the country were sacrificed in favour of electorally popular measures and temporary palliatives. The resignation of the entire Treasury team in January 1958 over the level of public expenditure might seem to confirm this view. In fact, it highlighted Butler's distinctive position.(10)

By reclaiming his control over the policy making process after Suez, Butler continued to pursue his own distinctive brand of Conservatism. This involved the targeting of welfare benefits, greater freedom of choice in the provision of services and a low tax, expanding economy. Butler portrayed this policy in terms of traditional Conservative values such as support for the family, and freedom of choice, but it was more often expressed in materialistic terms. Its striking success helped ensure a third Conservative election victory in 1959, and restored Butler's prestige to former levels.

Butler as Home Secretary

The Home Office was very much a second best choice from Butler's point of view. He had set his heart on becoming Foreign Secretary, regarding himself as the ideal choice to mend Britain's fences with the world in the aftermath of Suez. In contrast, Macmillan denied him his wish in the false belief that the Foreign Office was an onus, '...from which I think he rather shrank in today's circumstances.'(11) He clearly intended to be in charge of foreign affairs himself. Butler was not prepared to press his case for the sake of Party unity, and so set the pattern for his relationship with Macmillan. At least he now had the power and influence of a senior department at his disposal which he had lacked under Eden. The press welcomed Butler's appointment as it was felt it would make him more powerful and effective. He immersed himself in his new responsibilities, and by August 1957 Cynthis Jebb was delighted that, '... he had entirely got out of his usual

rut. There was no going over the past, no recriminations, no might have beens.'(12)

Lord Swinton, the former Commonwealth Secretary, recorded that, 'Harold ... admired Rab's disinterested will to service and his administrative capacity.'(13) The Home Office was arguably the most unglamorous high Cabinet position, with a rag-bag of responsibilities. It was sorely in need of the skills which Butler provided. In a letter to the Prime Minister, he declared,

> ... I shall be unable to fulfil my mission here unless I find it possible to press forward a comprehensive plan of penal reform .... I am convinced that I must leave behind some permanent record of my period of office here or I shall feel not only that I have been disloyal to myself, but also that I have failed in my duty to you and the Government which you lead.

Macmillan replied in a 'spirit of indulgent scepticism.'(14) The subsequent White Paper, Penal Practice in a Changing Society, was published in February 1959 after four drafts and numerous delays for various reasons, especially its unpopularity among the Tory rank and file. It was his most important achievement at the Home Office emphasising the need for research to increase knowledge both of the causes of crime and of the effectiveness of the various forms of treatment and training.(15)

Butler had become Home Secretary at a time when there was growing concern at the increasing amount of crime, especially juvenile offences and sexual offences, about which he told his Permanent Secretary, Sir Charles Cunningham, there was 'a mild degree of hysteria.' As he

told the House of Commons, the rise in crime was no sudden crisis but reflected a deep-seated disorder in society, which had not been removed by increased prosperity. This may have reinforced Butler's concern about the dangers of making materialism the main theme of Conservative policy. He emphasised the limits of Government intervention, and the responsibilities of the Church, family and schools in this area, thereby upholding the traditional Conservative belief in individual responsibility. However, Butler rejected demands for increased police powers and tougher sentences, which he felt were adequate. Instead he placed his hopes for fresh progress on research into the causes of crime, such as that undertaken by the new Institute of Criminology at the University of Cambridge. Sound research and understanding was essential if punishment was to be suited to the criminal, as well as to the crime. Butler declared to the 1958 Tory Conference that,

> My ideas are not conceived solely in idealism. They have a double objective ... first, to create in criminals, and especially young criminals, a wholesome dread of punishment and then, when committed, to give prisoners a reasonable hope of redemption and not returning to prison.(16)

Butler instituted a £20 million prison building programme - the largest for one hundred years - to help ease the grave overcrowding of prisons, and to provide accommodation suitable for modern, humane training requirements. He was also keen to look at alternative forms of punishment to prison, particularly for young offenders, including the Borstal system and detention centres. He was concerned to avoid a situation in which prisoners of all types were put

together to form a 'university of crime'. Butler also aimed to take advantage of the new developments in treatment techniques, such as group counselling, attention to prison visitors and the co-operation of prisoners' families, better training for prison officers, and prisoners' feedback.(17)

Butler's calm and measured response was not the sort to win approval from Tory Party activists. He had to answer '28 bloodthirsty resolutions', tabled at the 1958 Conservative Party Conference in Blackpool by, '... Colonel Blimps of both sexes... who thought me soft in standing out against the reintroduction of corporal punishment.' Nigel Nicolson MP remarked that there had been a reversion to 'the Neanderthal period of Conservatism,' in which to be anti-capital and corporal punishment was regarded as being soft on crime.(18) Butler rose to the challenge with great skill and courage in rejecting these demands. He stressed that the Government was not 'soft' on crime, and he made a strong appeal to, '... use this occasion not just to brand the Conservatives as wanting to flay people alive...'. Butler recognised the electoral risks of adopting a savage penal policy, with a possible loss of support in the middle ground of public opinion if the Party forfeited its 'humanitarian image'. As Butler recalled in his memoirs, '... many members of the party continued to hold this stand against me.'(19) In his view, the fortunes of the Tory Party were more important than his own leadership ambitions.

While Butler was prepared to take a stand on this issue,

there were indications of caution in other areas of policy. The Home Office was at the centre of much contentious legislation, and was noted for being the graveyard of many political reputations (including Butler's immediate predecessor and successor). He was prepared to take a stand against corporal punishment, yet felt unable to take a more progressive stance on capital punishment and homosexuality, yielded to the popular pressure for stricter measures against prostitutes, and failed to tackle the issue of Commonwealth immigration.

Butler had inherited the controversial Homicide Bill of 1956-57, from his predecessor. It restricted the death penalty to certain types of murder, where it was felt the deterrent effect of capital punishment was most likely to operate. Butler ensured that this compromise measure passed with a good majority, after the clash between the Lords and the Commons over abolition in the previous Session. The Spectator commented that his handling of the Bill had markedly increased his political stature, and paid tribute to, '... the moderation of his arguments and the care with which he has marshalled them.'(20)

There is evidence to suggest that Butler came to believe in total abolition; he certainly agonised over each capital case.(21) However, he retained this compromise measure, because what Reginald Maudling described as 'blue blood and thunder' Conservatives made it impossible to get total abolition through parliament. Year after year resolutions demanding the extension of capital punishment were put

forward for Party Conferences by local constituency associations. Butler rejected them all, and displayed his exasperation in a private letter to Sir Eric Edwards, Chairman of the Executive Committee of the National Union, in July 1959:

> ... it is quite unrealistic for the Conservatives to introduce a new law on hanging.... If the Walton Asssociation really think we shall win the next election by dividing the House of Commons again on hanging when we have not got a majority to put through any alternative policy, I think they had better think again.... Politics is in fact the art of the possible.(22)

Party workers added another issue on which Butler had upset them, whilst those who shared his liberal views were disappointed that he had not gone further. However, his partial abolition of 1957 had set a precedent, which in time paved the way for total abolition.

The Government's response to the Wolfenden Report on Homosexual Offences and Prostitution, published in September, 1957, also reflected Butler's commitment to the 'art of the possible'. It proposed that homosexual behaviour between consenting adults in private should no longer be a criminal offence, and recommended the imposition of higher penalties for the conviction of prostitutes parading the streets.(23)

It took a year for the Government to formulate a response to the Report, an indication of the contentious nature of the proposals. Butler's instincts were, initially, to act on both parts of the Report. He accepted the Committee's view that homosexuality was a question of individual

responsibility, and that prison sentences were highly unsuitable in many cases for the '... redemption of a person of this sort', which was in line with his views on penal reform. Legislation on the basis of individual responsibility, though being far from popular could have been defended on the grounds that individual rights and freedoms represented a fundamental tenet of Conservative thought. However, moral disgust and political timing conspired to make such action impossible.(24)

There was a general feeling among Conservative MPs that public opinion was not yet ready for changes in the law relating to homosexuality. They were concerned that the Government should not find itself faced with a sequence of events similar to that which led to the Homicide Act of 1957, especially with an election due in two years. It was easier to put the responsibility for the Government's inaction on to the shoulders of the general public's intolerance, by asserting that education and time were needed to get people to agree with the Report's proposals. Therefore, in November 1958 Butler told the House of Commons that,

> ... there is at present a very large section of the population who strongly repudiate homosexual conduct and whose moral sense would be offended by an alteration of the law which would seem to imply approval or tolerance of what they regard as a great social evil.(25)

By contrast, the recommendations to clear prostitutes from the streets were to prove far more popular with Conservative supporters:

> In fact the popular clamour here was all for getting 'common prostitutes' out of sight and, therefore, presumably out of mind.

The Government duly obliged with the Street Offences Act of 1959, which substantially increased the penalties for soliciting, with imprisonment as a possible penalty for repeated offences, and increased the maximum prison sentence for those convicted of living on the immoral earnings of prostitutes. It somewhat tarnished Butler's liberal reputation as women's organisations were outraged that men customers would not be treated in the same way. He was forced to resign from the Association for Moral and Social Hygiene. However, the Act achieved what it set out to do, which was to clear the streets of some parts of London of prostitutes.(26)

It was possible to detect a contradiction in Butler's response to these two issues. It hardly seemed right that practical arguments should only be valid with regard to prostitutes (clearing them off the streets), and totally ignored with regard to homosexuals (clearing them out of the prisons). Assuming that the two issues were equally wrong in terms of morality, the main reason for the different response had to be electoral. In the run up to the General Election it did the Conservative Party no harm at all to be seen as the Party of law and order and the family, by implementing a measure which was popular with most sections of the community.

In another important area, that of Commonwealth immigration,

Butler preserved his liberal reputation by doing nothing which, though politically expedient, merely stored up trouble for himself and his Party at a later date. Proposals to limit immigration had first surfaced in Churchill's last administration and had continued under Eden, but they had been rejected by the Cabinet. A subsequent dramatic increase in the number of immigrants from the Indian sub-continent and the West Indies, and racial disturbances, largely caused by competition for housing and casual employment, had brought the question back on to the political agenda. Once again the Cabinet came to the conclusion, under the direction of Butler that legislation was not yet required to control Commonwealth immigration.(27)

This view did not extend to delegates at Conservative Party Conferences. In 1958 Butler's plea to the Party to show itself 'worthy of its old traditions' went totally disregarded, and a resolution demanding that 'the immigration laws of this country should be revised,' was carried 'by a substantial majority.'(28) By July 1959 the Cabinet recognised that something would have to be done eventually since,

> ... unrestricted coloured immigration might have serious social consequences in the longer term, and although it would be desirable, if possible, to avoid legislation on this subject in the last full session of the present Parliament, the situation should be closely watched.

The clear implication was that such legislation would have adverse electoral consequences for the Government. In February 1959 the Cabinet decided against legislation on the lines proposed as it, '... was not likely to be well

received by public opinion.'(29)

Butler's stance was based on his strong feelings for the Commonwealth. He still believed in the right of every Commonwealth subject, regardless of race or colour, freely to enter and stay in Britain - which was prized as one of the most important things that bound Britain and the Commonwealth together. The extent of this feeling should not be underestimated. Even in 1961 a Gallup Poll recorded that twenty-one per cent of people in Britain still favoured the continuation of unrestricted entry. It was likely to have been much higher in the 1950s, when the number of Commonwealth immigrants from the undeveloped countries was a mere 21,000 (in 1959). Butler did not foresee the explosion in their number by over six times in two years (136,000 in 1961), which made integration in terms of employment and social services so much more difficult. In 1962 he reluctantly introduced the Commonwealth Immigration Bill, when the problem was far more acute and required more drastic measures. Criticism applied not only to Butler, but the whole Government and politicians in general, who were unwilling to tackle such a contentious issue so near to an election when there were votes at stake.(30)

As a result of his efforts, Butler had regained a good deal of his appetite for political life by 1959. He had managed to do himself no major damage at the Home Office and had done much to recover his reputation from its Suez lowpoint. In fact a Daily Mail poll on ministerial performance put Butler first with 38 per cent. The Home Office had not been

so unrewarding after all, although Butler felt that his reforms, while very necessary, were not as important in the vote winning sense as the economy and the social services. Butler's progress rested on his more general influence in the development of a Tory welfare policy which was distinct from that of the Labour Party.(31)

Butler's role in policy making

The Economist had expressed the fear that Butler's influence over policy making in general might decline:

> History will regard it as a strange waste of scarce resources that at this crisis of conservatism's history, Mr Butler should not be at either the Treasury or the Foreign Office. There can be no apter commentary on the mess in which the party has somehow embroiled itself than the fact that the thoughtful if introspective human drive which did more than any other single factor to guide the successful conservative revolution of 1952-55, is left to tick over, by its own volition or somebody else's, among the problems of prisons and punting, and prostitutes and queers.(32)

However, Butler moved quickly to secure his hold over the policy making process after the lean years under Eden. Almost immediately after Macmillan's succession, preparations were under way for the next General Election, in which the work of the Conservative Research Department (of which Butler remained Chairman) was central to the restoration of Tory Party fortunes.(33)

Butler also instigated the re-creation, in February 1957, of the Policy Studies Group, which had met before the 1955 Election under Iain Macleod's chairmanship. Its task was, as before, to come up with and coordinate ideas on future policies. Butler was not a member of this group, but it

relied heavily on work by the Research Department, and included Michael Fraser and Peter Goldman among its members. Other members of Butler's erstwhile backroom staff, including Reginald Maudling and Enoch Powell, and Jocelyn Simon, his junior Minister at the Home Office, were also members. They had all been linked with the One Nation group, and could have been expected to share Butler's brand of Conservatism. However, the discussions did reveal differences of opinion with Macleod, which Butler overcame to retain his influence over policy.(34)

The creation of a Steering Committee of senior Ministers under the Prime Minister, with Butler as Deputy Chairman, in December 1957 was less welcome. It opened up the area of policy formulation for the General Election manifesto to a wider group of people. Its task was to oversee all policy work, bringing the many disparate threads together and providing some unifying themes. Initially Butler was very suspicious of it, seeing it as a dilution of his role as Chairman of the Research Department. He wrote to Macmillan,

> As you know I have had a certain responsibility for this since 1945 under your two predecessors and was responsible for the policy statements which were not unattended by a mead of success.

Yet in the event Butler retained a great deal of responsibility for coordinating the discussions on the future lines of policy with Ministers.(35) They were to reveal a difference of emphasis between Butler and Macmillan and Macleod, on how to ensure a Conservative victory at the next election. Although Butler recognised the need to secure the growth of working class affluence, he also emphasised

other and equally compelling reasons for voting Conservative.

At a meeting of the Policy Studies Group in May 1957 Butler suggested that the Tories should base their philosophical appeal on 'the defence of the individual against the repositories of power' (the unions, monopoly capitalism, the nationalised industries and the state). By contrast Macleod was more concerned to increase workers' rights and protection in order to attract working class support. Butler felt rightly that such a policy 'did not seem in harmony with the mood of the Party.'(36)

In a memorandum to Macmillan in February 1958 Butler proposed that Conservative policies should be encapsulated under a broad theme of opportunity and responsibility. Butler believed that the opportunity to get on and lead a fuller life highlighted the successes of Conservative policy, such as the encouragement of greater home and share ownership and educational progress, the removal of restrictive controls and the continuing progress towards lower taxation. In return, he believed that,

> ... the responsibility of the strong, the well-off, the fit and those in work for the old, the young, the sick and the casualties of life...(was) the condition of opportunity.(37)

However, this did not mean that Butler was content to maintain the welfare policies of the previous Labour Government. He was particularly keen to set out long-term plans for making the structure of the social services

financially sounder. He believed that state expenditure should be switched away from those social services which people could obtain for themselves towards those services which could not be provided for individually. He agreed that in an age of affluence selective benefits to help those most in need, and increased social investment in schools, hospitals and roads was the best way forward. This policy consolidated the traditional Conservative belief in support for the family, freedom of choice and individual responsibility.(38) The paradox was as one commentator put it,

> The long innings of the present Conservative regime complicates the work of Conservative leaders. It is one thing for social changes to be accepted as an inescapable residue of a Labour Government, to be consolidated into the mainstream of British tradition, and, if especially popular, to be linked with a Tory of Victorian times. It is quite another thing politically for a Conservative Government to provide the reformist legislation which it later consolidates. In these cases such unpopularity as arises is earned by party leaders rather than by the extremely useful socialist bogyman.(39)

Butler's influence was such that he was able to get his own way regarding the publication of a general re-statement of Conservative philosophy in 1958, despite opposition from Macleod. He told Lord Poole that, '... there is no doubt that people are absolutely wallowing through lack of knowledge of what we stand for.' Onward In Freedom was duly published in the autumn of 1958. It touched on the themes of opportunity and responsibility outlined above without going into detail. Above all, it stressed the need for the Conservative Party to show itself to be a national Party, respecting and balancing the interests of all sections of

society without subservience to any single group.(39a)

However, the discussions on future policy took place in an atmosphere in which there was a strong undercurrent of opposition to the leadership's policies from Party activists and supporters. The 'middle-class revolt' by small business and professional people was in full flow. They found themselves particularly affected by inflation and high taxes, and resented the prosperity of organised labour. The campaign was reflected in the motions tabled for Conservative Party Conferences and letters to politicians from disgruntled supporters. The Government suffered a string of poor by-election performances at South Edinburgh, North Lewisham, Ipswich and Torrington, where habitual Tories either abstained or voted for the Liberals. One discontented supporter, Mr A. S. Broughton, complained that,

> If there were to be a General Election tomorrow we think Labour would win and some of us wonder whether it would matter if they did ....We don't want platitudes but help.(40)

This disaffection was crystallised in new movements, such as The People's League for the Defence of Freedom and The Middle Class Alliance. Butler maintained that the Conservative Party was the middle classes' only hope. The Conservatives offered them the continuance and development of a society in which middle class values still had a chance. The Government was very conscious of middle class discontent, but politically they believed there was a limit to what they could do to ease their plight.(41)

Government policies reflected the belief that they needed a

broad measure of working class trade unionist support to gain a reasonable majority. However, the deflationary economic policy followed since the autumn of 1955 had steadily lost the Tory Party the votes of the skilled working class, as they feared the prospect of unemployment. The Labour victory in the Rochdale by-election in February 1958 seemed to emphasise this point. Therefore, the Party's electoral strategy was to assume that the vocal but not particularly numerous middle class would vote Conservative once inflation was checked, and to then pursue policies of economic expansion and prosperity, in order to attract newly affluent workers who regarded themselves as middle class.(42) However, in doing so the Government lost its Chancellor of the Exchequer.

Cabinet crisis: the Chancellor's resignation

This electoral strategy was clearly illustrated by Macmillan's expression of concern about the problem of inflation, and the continuance of the Government's deflationary economic policy throughout 1957. In the aftermath of Suez Peter Thorneycroft, the new Chancellor, produced a cautious Budget in April 1957, in which he cut taxes by only £100 million and slightly reduced the Bank Rate. However, inflation continued to rise as wages rose ahead of prices. Macmillan summed up the dilemma facing the Government and the country in a speech at Bedford in July 1957. He warned that whilst,

> ... most of our people have never had it so good.... Our constant concern today is - can prices be steadied while at the same time we maintain full employment in an expanding economy? Can we control

inflation? This is the problem of our time.(43)

A sterling crisis in the summer of 1957, triggered by a limited devaluation of the French franc, caused a major difference of opinion between Thorneycroft and the rest of the Cabinet on how to achieve and maintain this aim. The Cabinet reluctantly accepted the need for further deflationary measures, including restrictions on public and private investment, restrictions on credit, and an almost unprecedented increase in the Bank Rate from 5 to 7 per cent. Devaluation was ruled out as yet another national humiliation after Suez, and in any case gradual moves towards convertibility were already successfully being made. In March 1957 Butler declared in a speech that the measures were merely, '... a phase of consolidation, retrenchment and active preparation to pave the way for a great new surge of forward expansion.' They were not an end in themselves. By the end of September the pound was at its highest level since June, and had recovered its parity with the dollar of $2.80. The deflationary measures appeared to have worked and, as in 1952, Ministers' willingness to consider more unpopular measures declined.(44)

However, Thorneycroft was not content with these measures, and he demanded action to restrain wage increases and stringent cuts in public expenditure to balance the demands made on the private sector, in order to maintain the value of sterling. A showdown was imminent between those wanting a more confrontational policy (Thorneycroft, and the Treasury), and those wishing to maintain a more flexible

policy with a view to the forthcoming election (the rest of the Cabinet).

Thorneycroft was convinced that the solution to the sterling crisis lay mainly with tackling inflation at home. He was particularly concerned at the increase in wage costs, which he saw as the most significant cause in the fall in value of the internal purchasing power of sterling. His attempt to introduce an incomes policy by way of a 'guiding light', and the establishment of the Council on Prices, Productivity, and Incomes, met with little support from the Cabinet. Ministers were unwilling to sacrifice full employment and free collective bargaining in the interests of price stability. The electoral arguments were compelling and in August 1957 the Cabinet concluded that,

> A large section of the electorate now consisted of individuals who were members of trade unions; and the Government's victories in the elections of 1951 and 1955 undoubtedly derived in part from the degree of support which they had obtained from this part of the electorate. It would be inexpedient to adopt any policy involving legislation which would alienate this support and divide, rather than consolidate, public opinion.(45)

Macmillan insisted on facing down the bus strike in 1958, largely as a result of Butler's handling of the dispute in his absence on a Commonwealth tour. He refused to accede to Minister of Labour Macleod's request in January 1958 for a committee of enquiry to examine the pay claim, giving as the reason in a telegram to Macmillan his fear that, '... it would be interpreted by public opinion as the beginning of a surrender to the unions.' Yet the attitude of the Cabinet

towards most strikes was to concede an inflated wage increase rather than expose the economy to disruption, which would have been very damaging in electoral terms, quite apart from the impact on the balance of payments and foreign confidence in sterling. This policy was viable because from mid 1958 the economy did begin to expand, but it did not solve the underlying problems of industrial policy, which came to the fore in the adverse economic conditions of the 1960s. Butler wrote to Lord Hailes that,

> The economic situation, while improving enormously, has in it seeds of trouble which were unresolved especially during the Labour Party and the Winston Churchill regime.(46)

However, he regarded Thorneycroft's demand for a formal incomes policy as contrary to Conservative philosophy.

Thorneycroft was also extremely concerned that social spending was getting increasingly out of control. As early as January 1957 he asserted that,

> In the longer term the financing of the Welfare State on its present basis would prove a heavier liability than the economy could sustain.

By December he was still persisting in his demand (first made in July) that Government expenditure for 1958-59 should be kept at the same level as for 1957-58, in order to maintain foreign confidence in sterling and the Government's anti-inflationary policy. As prices had risen this meant cuts in expenditure in real terms amounting to £153 million. There was general agreement that economies in public expenditure had to be secured in order to reduce the size of the Budget deficit and safeguard the strength of sterling, but there were doubts about the consequences of some of the

more drastic cost-saving proposals. Macmillan noted in his diary that, 'The Chancellor wants some swingeing cuts in the Welfare State expenditure - more, I fear, than is feasible politically.'(47)

The popular myth has developed that when faced with the rigid application of this policy Butler and Macmillan preferred the resignation of the entire Treasury team rather than accept electorally unpopular spending cuts. This event was represented as a victory for those who wanted to preserve the status quo as established by the Labour Party. However, Macmillan and Butler showed themselves willing to make sometimes unpopular changes to the post-war consensus of a mixed economy welfare state. In the quest for an 'Opportunity' as opposed to a 'Welfare' State, the Government did seek bold policy changes.(48)

There was general agreement on the need for a fully contributory National Health Service, and national insurance contributions were increased towards this end. Butler chaired a Ministerial Committee on Pensions which in July 1957 recommended the adoption of graduated pensions and a 'contracting out' provision, in order to relieve the impending deficit on the National Insurance Fund. The proposals formed the basis for the National Insurance Act of 1959. It was welcomed by the One Nation group of Tory MPs as moving

> ... slightly but significantly away from a flat service, regardless of needs or means, and towards giving help where it is most needed. Socially it is just. Economically it is sound.(49)

In housing, Government subsidies for house building had been virtually abolished, and expenditure was concentrated on slum clearance, where it was needed most. The Local Government Act of 1958 replaced a number of specific or percentage grants with block grants to local authorities in order to encourage greater financial responsibility. The Rent Act of 1957 aimed to reintroduce market forces into housing to encourage the private rented sector, by allowing landlords to charge an 'economic' rent. It met with an enormous outcry, particularly in London where controlled rents were furthest out of line with market prices.(50)

Education expenditure was the minimum possible to manage the largest ever number of pupils, and the service had been 'running like mad to stand still.' Butler was prepared to consider the idea of keeping children longer in primary schools as secondary education was more expensive.(51) However, Macmillan was careful to reassure the National Union in 1959 that,

> ... we are certainly determined to uphold the grammar schools, which we regard as the best guarantee for maintaining high standards in secondary education.

Only a few comprehensive schools were introduced as experiments or in special cases. Ministers realised that the '11+' system of selection was a sensitive political issue, but they maintained that all children could not profit from the same type of education. They felt that the solution lay in improving secondary modern schools to provide just as good opportunities, in order to reconcile national need with

individual choice and achievement.(52)

These policies represented the continuing Conservative belief in inequality as a means to greater wealth all-round, which was a fundamental difference between the Parties. Lord Hailsham, the Party Chairman, declared that,

> Conservatives believe that in a free society the incentives to make oneself unequal are a necessary part of the mechanism of creating new wealth and therefore new welfare.(53)

Therefore, Ministers were already pursuing a distinctive welfare policy; the question was how far should it be pushed?

By the first week of January 1958 Ministers had agreed to cuts amounting to £100 million, so that Government expenditure as a proportion of national income continued to fall. However, Thorneycroft reiterated his call for further cuts amounting to £50 million. He reverted to the traditional demands for short-term cuts in social expenditure, including cuts in school meals and family allowances, which Butler had so discredited in the Cabinet's Social Services Committee in 1955-56.(54) Ministers argued that, contrary to the Treasury view, any further cuts in social expenditure would be inflationary as they would lead to a renewal of inflated wage claims. It was arguable that foreign opinion would regard this as being at least as damaging to the potential recovery of sterling as a marginal increase in Government expenditure. Therefore, the Treasury demands were self-defeating in their aims, especially since some increases were beyond the Government's control such as

the increase in the number of schoolchildren and pensioners. Lord Hailsham had warned of the adverse electoral consequences of such measures in January 1957:

> It would be politically unwise if the first act of a Government favouring the Opportunity State was seen to be an attack on parenthood and education, which were the foundations of the future expansion of the economy.(55)

The Treasury had failed to identify a strategy for welfare expenditure, '... that simultaneously was socially acceptable, electorally popular and economically efficient.' The Chancellor '... held to his view with almost fanatical rigidity,' in Macmillan's view, but the Cabinet stood firm and on 6th January Thorneycroft and his junior Ministers, Enoch Powell and Nigel Birch, resigned.(56)

The extent of Butler's opposition to Thorneycroft's policy should not be underestimated. In his first speech in the aftermath of the Treasury resignations, to his constituents at Felstead on 7 January, Butler declared that,

> I for my part am not going to abandon the convictions of a lifetime. If we had to readjust and alter some of our social policy in the way suggested we should have had to do so without due regard to humanity or commonsense in facing the dual problem of inflation - limitation of money and limitation of the desire for rewards....It meant that the Government would have been asked to overturn, in the course of a few days, policies of social welfare to which some people have devoted the service of their lives.

It was the clearest indication that Butler was prepared to resign had the Cabinet accepted Thorneycroft's proposals, and he would not have been alone.(57)

Butler's handling of the aftermath of the crisis, in Macmillan's absence on a tour of the Commonwealth, was

regarded by The Economist as, '... the period of the best Prime Minister we haven't had.' He succeeded in uniting most Conservative MPs behind the Government's position, whilst his loyalty to Macmillan raised his own popularity. Tony Benn recorded that he,

> ... could scarcely forbear to cheer at Thorneycroft's disappearance. 'Nobody seems to have spotted,' he said, 'that this is a great Butler victory.... It has been a wonderful week.'(58)

Ministers refused to implement more cuts than were necessary to keep public expenditure under control or risk any significant rise in unemployment, and their adverse electoral consequences. Butler believed that gradual progress was being made towards his vision of Tory welfarism, as the Government preferred to follow a policy based on achieving a combination of solvency with social progress.(59)

Recovery

The way was cleared for the economic re-expansion so favoured by Macmillan and Butler, to take place from mid-1958 onwards. By the end of 1958 the bank rate had been reduced to 4 per cent, hire purchase restrictions relaxed, and sterling made convertible. This progress was continued in the 1959 Budget, in which Derrick Heathcoat Amory, the new Chancellor, reduced income tax by 9d, restored investment allowances and cut purchase tax to the sum of £360 million. The subsequent reduction in unemployment from its peak of 620,000 in January 1959, and a consumer spending boom created an atmosphere of prosperity in preparation for an autumn election. Butler proclaimed his pride in the

Conservatives' management of the economy and their increased spending on education, housing, hospitals and pensions, compared to Labour's period of office. In a CPC pamphlet, Tomorrow Our Responsibility, he attacked the alternative Socialist policies of, '... extended nationalisation, excessive taxation and extravagant spending ... an infallible recipe for inflation.'(60)

The Conservative manifesto, The Next Five Years, reinforced the Government's record of success whilst looking to the future. Butler liked the idea of stressing the continuing patterns of policy and projecting them forward, which he believed would carry added conviction with voters. He felt that the electorate would not be convinced by short term measures after eight years in office. Overall the manifesto was the most obvious symbol of the victory that had taken place eighteen months before, at the time of Thorneycroft's resignation. It declared,

> Conservative policy is to double the standard of living in this generation and ensure that all sections of society share in the expansion of wealth.(61)

Opportunity came to be expressed in increasingly materialistic terms, as the electoral situation demanded. Behind much of the campaign lay the slogan 'You've never had it so good'.(62) Perhaps because of his misgivings about this strategy, Butler played a less dominant part than in the 1955 campaign. He may have recalled his own difficulties in maintaining the prosperity promised in the 1955 election. However, Butler's first priority was the continuance of the Conservative Party in power.

The result of the general election, held on 8 October 1959, was by no means a foregone conclusion, and Butler predicted it would be a close finish. Opinion polls showed the Government's lead down to two per cent at one stage. The Labour Party pursued an adept campaign, outlining their ambitious plans for the social services, which had the Conservatives worried until Gaitskell's blunder about no increased taxes. The subsequent one hundred seat majority for the Conservatives surpassed even their own expectations, and gave them an unprecedented third successive victory.(63)

The Conservative Party was given the credit for the prevailing sense of prosperity that pervaded the country, engendered by stable prices, low unemployment, and a consumer boom. One Labour activist commented,

> Once we made people think about pounds, shillings and pence, they began to consider how well they'd done in the last few years and to decide that the Tories were doing all right by them.(64)

There was no positive reason to vote for the Labour Party, which was widely identified with the austerity and rationing of the late 1940s. It seemed that provided the Conservatives continued their successful administration of the economy and the welfare state, the opposition would wither away. Macmillan declared that the class war was over, and one commentator forecast the possibility of democratic one party government for Britain.(65) The Conservative Party maintained a strong lead among all sections of the middle class, despite grumblings of discontent, and acquired the votes of a larger proportion of skilled manual workers in

1959 than at any other Election since 1935.(66) It seemed that upwardly mobile workers had developed middle class voting habits to go with their middle class lifestyles. The Government's electoral strategy had succeeded beyond its wildest expectations, and it felt under no pressure to drastically alter its policies.

Conclusion

The restoration of Conservative Party fortunes after Suez was a remarkable achievement for which Butler deserved his share of the credit. It was the zenith of his concept of Conservatism, most clearly illustrated by the Treasury resignations in January 1958. Having secured his hold over the policy making process Butler proved that he was not prepared to defend the status quo. Whilst he was not willing to accept a rigid implementation of spending cuts, regardless of the circumstances, he advocated policies which emphasised Conservative ideals of freedom of opportunity and responsibility. This involved reducing taxes to enable people to provide for themselves in terms of greater home ownership and private pensions. On the other hand, Butler regarded the provision of a decent state health service and selective education system as the foundations of opportunity and thus inequality, whilst welfare benefits were targeted to those most in need. A successful balance had been struck between the need for tax cuts to conciliate middle class supporters and a Tory welfare policy which was distinctive, but did not arouse fears of a return to the 1930s among potential working class supporters. As a result the Tories

maximised their support in a decisive victory in the 1959 general election.

Was the recovery of his reputation as complete as that of the Party? It certainly seemed so. He had re-established his position as heir apparent to Macmillan, whom he loyally supported, although he retained the enmity of those traditional Tories who had been antagonised by his Home Office reforms. His appointment as Chairman of the Party in October 1959 seemed to mark a further consolidation of his ideals within the Party.

In the run up to the general election Butler was concerned that the emphasis on the materialistic aspects of prosperity was offering a hostage to fortune. He stressed equally compelling reasons for voting Conservative, but prosperity was the single most important factor in securing the Conservative victory in 1959. As Party Chairman Butler was saddled with the responsibility for maintaining Conservative success. He recognised that this involved a policy of continued economic expansion, in order to satisfy the disparate sources of Tory support with increased spending and lower taxes. Yet within months the joy of victory had turned to concern at the downturn in the economy, industrial unrest, and a big increase in welfare expenditure. The danger was that the new and transient sources of support gained before 1959 would leave the Party. With traditional middle class supporters antagonised by the leadership's policies, this created a very difficult electoral situation for the Conservatives and presented a fundamental challenge

to Butler's brand of Conservatism.

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4

'Tomorrow Our Responsibility'

Butler under Macmillan, 1959-1962

Introduction

The Conservative victory in the General Election of 1959 was a vindication of Butler's political philosophy. Increased Government spending on social services had pleased the Tories' new mass support, and lower taxes had ensured the grudging loyalty of their traditional supporters. Macmillan optimistically declared to the Queen that the British people, '... do not wish themselves to be divided into warring classes or tribes filled with hereditary animosity against each other.' For a time this seemed true, as economic prosperity continued. Throughout 1960 the polls and by-elections were still in the Tories' favour. They maintained a 3 to 6 per cent lead over the bitterly divided Labour Party. However, Macmillan warned in a letter to Butler that, 'English people are always easier to handle in adversity than in prosperity.' The Tories had raised expectations to a point where anything short of an economic miracle was viewed as failure. They were increasingly unable to satisfy voters' anticipation of continuous economic prosperity over the next three years.(1)

The single most important factor in determining voting preferences was called into question after 1960, as the Government's economic policies met with less success. The danger was that the new and transient sources of support

gained before 1959 would desert the Party. With some of the Tories' traditional middle class support already antagonised by what they regarded as the Government's 'milk and water Socialism', this presented a fundamental challenge to Butler's brand of Conservatism, and an intractable electoral dilemma.(2)

Butler's appointment as Chairman of the Conservative Party in October 1959, in addition to his existing responsibilities, reflected Macmillan's determination that the Party should, '... remain progressive and not slide back into reaction.'(3) His task was hindered by the fact that the essentially cheerleading, combative job of Party Chairman conflicted with the traditionally non-partisan job of Leader of the House of Commons, and the political minefield that was the Home Office. More significantly Macmillan and Butler differed in their solution to the Tories' electoral dilemma.

Butler had been uncomfortable with the materialist 'never had it so good' tone of the Conservative election campaign, which to some symbolised a '... smug contentment which ignores the perils of our own situation...'(4) As Party Chairman he sought to develop an alternative strategy based on the themes of opportunity and responsibility. However, this approach required increased expenditure on the social services at a time of economic difficulty. Macmillan's response was a shift towards more planning in the economy, and negotiations for entry into the European Economic Community (EEC). These policies represented a substantial

change from the philosophy of 'setting the people free' which Butler had espoused in the 1950s, and they reflected the degree to which he was now reacting to the political trend rather than directing it. However, he remained the most senior member of the Government after Macmillan.

Selwyn Lloyd, the Foreign Secretary, observed that,

> Butler's ... ego is very satisfied with being Chairman of the Party as well as Leader of House and Home Secretary.... He should be busy and at his best. His position as Crown Prince is, I think, impregnable, but there are some who say not.(5)

From the outset Macmillan was determined that Butler should not succeed him, but he took advantage of his notion of service and duty to the Party and the country. Anthony Howard asserts that Macmillan, '... had come to regard Rab as a trout that he could tickle and play with at will.' By giving him the responsibility for defending every detail of Government policy to Party activists Macmillan tied Butler even more closely to his own fortunes. However, the Party Chairmanship was more important than Butler's official biographer makes out, as was illustrated by Macmillan's attempts to remove him in 1960 and 1961.(6) His fears of a 'palace revolt' led by Butler in 1961-2 forced him into the notorious 'night of the long knives', which marked a turning point in Butler's career away from domestic affairs and confirmed his decline in influence over policy making.

The Conservative electoral dilemma

As Party Chairman Butler saw it as his task to elaborate on the themes of opportunity and responsibility, which he had

outlined before 1959 as an alternative to materialism, while also seeking to ensure the economic prosperity that would provide these other benefits was maintained. Ultimately he was to achieve neither aim as Party Chairman. It was probably the one post of Butler's three that most suffered from his over-stretch. His image within the Party was that of a patrician elder statesman who had secured the Tories' acceptance of the post-war settlement, much to the chagrin of many activists. He was not the sort of platform orator who could inspire weary constituency workers in the hard times to come. There were no bell-ringing episodes or dips in the sea for Butler, and he found the public speaking required as Party Chairman an increasing strain. He later complained,

> Going to rallies at the weekend in distant parts of England and having to make speeches about how wonderful the Government was I found very hard and difficult - and not at all rewarding.(7)

Butler preferred to use his administrative ability to deal with faults in the organisation, particularly in its social base, and the need to adapt to the changing electoral situation. He signalled the change of emphasis in a letter to local constituency chairmen in December 1959, in which he warned of the dangers of selfishness and complacency in the new atmosphere of prosperity.(8) He outlined three aims to Macmillan: an improved performance in the local government elections, a recruiting drive for the Young Conservatives and the encouragement of older members to transfer their activities to the senior organisation, and an increase in the numbers of Conservative trade unionists. Butler felt

that this was, '... a most valuable way of reaching the men in the factories and workshops with our propaganda and ourselves and learning the state of opinion in them.'(9)

These aims were particularly important in the light of the interim findings of the Conservative Research Department's Psephology Group in the autumn of 1960. It found that there remained a large element of latent non-voting Labour support, sufficient, if activated, to cause heavy Conservative defeats. It also found that the youngest voters, particularly the 21-30 age group who were increasing as a proportion of the population, were among the most volatile, hence the need to attract their support. The key find was that though the divisions between the classes had narrowed, people were voting more by class than before the war. Voting intentions became most unstable when electors moved from working class to lower middle class, which was precisely the movement Conservative policies aimed to encourage. However, the report concluded that,

> ... the tendency towards a middle class society has a long way to go yet, and it is still from the working class two-thirds that we still get more than half our votes - and have to if we are to win an Election.(10)

Butler considered that one of the best ways of doing this was to give such people an adequate voice within the councils of the Tory Party. This aim was a high risk strategy since the Conservative Party in the House of Commons and the Cabinet was overwhelmingly upper class and patrician. They were more inclined to attract working class votes by offering better public services and consumer

benefits. In contrast the middle classes, who dominated key positions in the Party hierarchy, demanded firmer controls on public expenditure and lower taxes. However, the leadership jealously guarded policy making which, Party deputy chairman Lord Aldington asserted, was '... handed down from on top and not dictated from below.'(11) Butler was keen to maintain control over the development of policy, a role he already fulfilled as Chairman of the Research Department.

Butler believed that most working class support for the Conservative Party was not based on ideals but on the acquisition and maintenance of prosperity. Social researcher Mark Abrams found that there were strong aspirations to a middle class lifestyle among manual workers. This was defined in terms of their possession of consumer durables, their children's attendance at grammar schools, and the fact that their homes were clean, warm and well stocked. It seemed clear from recent surveys that as people acquired these things or got within reach of them, they tended to vote Conservative.(12) However, Government policies were increasingly unable to fulfil the expectations of a middle class lifestyle.

On the other hand, Butler also accepted Labour MP Tony Crosland's argument that prosperity was unlikely to be as decisive an electoral asset in the 1960s as it had been in the 1950s, and would be taken as much for granted as full employment. The Conservative psephology group came to the

conclusion that the assumption that working class support was wholly dependent upon, '... middle class consumption patterns and the ownership of durable consumer goods seems very doubtful.'(13) The public mood was increasingly idealistic yet cynical of the political process. In the early 1960s there was a spate of introspective literature and satirical critiques, which analysed the causes of Britain's difficulties and proposed various radical remedies. They received widespread attention.(14)

In Government circles there was a belated acceptance of the need for a non-materialistic philosophy which Butler had been advocating since before 1959. Lord Kilmuir wrote that:

> This new feeling was extremely difficult to define. It was 'anti-Establishment', but not anarchic; it embraced no existing political philosophy; it could not be explained in class or economic terms; it was vague, unsubstantial, but very real, and we were absolutely baffled by it. From the immediate political point of view, it was strongly antagonistic to 'you never had it so good' as a political philosophy. The return of idealism caught both parties off-balance, and the Conservatives, as the Government party, suffered worse than our opponents.(15)

The new feeling extended to Tory Party members. In May 1960 the National Union debated a motion from the Federation of Conservative Students which criticised the 'never had it so good' slogan as an expression of Tory philosophy. Butler's emphasis on 'work' and 'duty', in his subsequent speech to the Party Conference, signalled a deliberate departure from it. Sir Edward Boyle, Financial Secretary to the Treasury, in a letter to Butler, expressed concern that, '... too many people seem to associate the Tory programme of prosperity and expansion, quite unfairly, with selfishness

and complacency.' In fact, the two concepts were complementary; a rising level of material resources was a necessary pre-condition of social progress.(16)

The dilemma facing the Conservatives was how to fulfil their pledges to improve services, when the built-in cost of those services was rising so dramatically and the economic boom went bust. Party managers held to their belief that the prosperous working classes wanted the better services associated with a middle class lifestyle, but traditional Tory supporters were not prepared to pay for them with higher taxes. The President of the Board of Trade, Reginald Maudling, was convinced that Britain was, '... suffering from the malaise of the affluent society.'(17)

Welfare versus tax cuts

Butler observed that Macmillan was determined to avoid the political implications of the deflationary measures demanded by the Chancellor of the Exchequer, Heathcoat Amory. He feared that such measures would mean that, '... the new progressive Conservatism will turn out to be a policy of alternation between Benzadrine and Relaxa-tabs.'(18) In the meantime, excessive demand for goods led to higher prices and rising wages ahead of productivity, and recurring balance of payments difficulties. The reluctance to restrain the consumer boom led to a continuing fall in the reserves which reached crisis point in July 1961. Butler was called into 'perpetual consultation' by Macmillan, but it was a reflection of his loosening grip over policy-making that the new policies were initiated by Macmillan and his new

Chancellor of the Exchequer, Selwyn Lloyd.(19)

The Research Department had been urging on Ministers a more interventionist approach for some time since, '... we have virtually exhausted the Neo-Liberal seam in economic policy.' It was felt that Britain would be more successful in keeping demand and production in a proper relationship if there was a greater degree of planning, in the shape of coordinating forecasts of demand and investment plans between government, employers and trade unions, and the setting of target figures. This 'New Approach' reflected the apparent success of such policies in Europe, and was part of a programme to 'modernise' Britain. It was encapsulated in the creation of the National Economic Development Council (NEDC) in 1961. In addition, a loose form of wages policy was instigated to make clear the inter-relationship between wage increases and productivity. It was announced as a 'pay pause' by the Chancellor in his emergency, mini Budget on 25th July, 1961, and was later formalised in the creation of the National Incomes Commission (NIC) in July 1962. The Government also accepted the recommendations of the Plowden Committee that public expenditure should be subjected to five year forecasts and related to the prospective growth of national resources.(20)

The 'New Approach' was quite different to the policy Butler had instituted in 1951, when as Chancellor he rejected the planning policies of the previous Labour Government. Several Ministers, perhaps including Butler, thought that in the

long-term the balance of payments could only be corrected by floating the pound, but this perennial issue was not seriously considered. In the Cabinet, only Hailsham and Hare (Minister of Labour) supported Lloyd's proposals, but Macmillan ensured they were accepted. The fact that the new policy appeared to represent all the things that a Labour government might have been expected to embrace added to Butler's difficulties as Party Chairman. The Government quite suddenly appeared to be moving towards what The Economist described as a 'hands on' type of economic management, more interventionist than since 1951.(21)

However, in the short-term, Lloyd was forced to rely on more traditional Conservative policies. He raised the bank rate to 7 per cent, increased consumer taxes, and imposed a much fiercer squeeze on Government spending and bank overdrafts. The measures represented the biggest immediate cut in purchasing power in peacetime. They succeeded in dampening demand and improving the balance of payments position but at a heavy price for the Government, as the Labour Party took a 5 per cent lead in the Gallup poll.(22)

As a result of these economic difficulties the Conservatives were faced with the dilemma of how to increase Government spending and at the same time make tax cuts. After nine Conservative Budgets the tax structure was much more sensible and thus the scope for tax cuts more limited. Furthermore, the percentage of national income devoted to the social services was rising at an average rate of 180 million pounds a year. In July 1960 Treasury Minister Sir

Edward Boyle warned Party officials that, '... people did not sufficiently realise how much more difficult in the 1960s reducing taxation would be than it had been in the 1950s.' He could foresee no major changes of policy which would enable significant savings to be made.(23)

A clash was looming between Conservative pledges in the social service field and the manifesto commitment to 'reducing wherever possible the burden of taxation'. The Research Department warned of the danger of tax increases which would, '... result in increasing hostility to any of the Government's policies that involve higher expenditure.' It was clear that the Government could no longer ignore the problem, and Butler posed the fundamental question as to,

> ... whether we are going to go on living on surgery or whether we can supplement this by a regime of neo-Conservatism. One field in which we can find much grist for the latter is in reforming the Beveridge Welfare State and getting away from universality, thus helping to reduce total cost and fitting the service to the wearer. Up to now there has not been much hope along these lines.(24)

Butler set up a research group to report into the long-term future of the social services. It argued that it was very important to broaden the opportunities of the 'new middle classes' to pay for certain services, such as pensions, education, housing, and medical services, themselves. To encourage self-reliance and independence was in line with Conservative philosophy, and would release funds for further expansion of the social services or reducing taxation. Butler declared that,

The function of politics today must be to ensure

> that full employment, generous social services and modern comforts become, in Sir Winston Churchill's words, 'a springboard and not a sofa'.(25)

There was some talk in Party circles of a 'new Beveridge Report' to take account of the changes in British society. However, Butler's research group concluded that much progress in this direction had already been made, and it was felt that more radical proposals would be bound to raise widespread public suspicion. He accepted that the maintenance of state services should remain the immediate objective, especially since a large proportion of the population continued to benefit from them.(26)

The paradox was that as Chancellor Butler had been responsible for delaying expenditure on the social services. Government spending in the 1950s had been the minimum necessary to maintain the existing services. In the 1960s this was no longer a feasible policy as the maintenance of services required long overdue improvements, which were expensive. These changes were unable to reconcile the expectations of the disparate sources of Tory support.

There was a general feeling that Conservatives were losing the initiative on the housing front, which was apparently most important in changing voting habits. There was still a housing shortage, and greater prosperity led people to expect higher standards of housing and amenities. Although 60,000 slum dwellings a year were being cleared, half a million remained. The Research Department concluded that 6 million new houses would be needed over the next 20 years -

an average house building rate of at least 300,000 a year. This involved big increases in Government expenditure for council house building, similar to the burden which Butler endured as Chancellor in the 1950s.(27)

In contrast the electoral value of increasing home ownership was hampered by the economic necessity for rising interest rates, the maintenance of Schedule A tax on owner occupiers, and the effects of rating revaluation. The discontent of home owners was matched by widespread discontent about the Rent Act, which had failed to increase the supply of private rented accomodation, yet the incentive for unscrupulous landlords to get rid of old tenants was highlighted by the activities of Peter Rachman in London.(28)

In education rising expectations led to demands for ever higher expenditure. The Government had made important moves towards improving educational opportunities at the secondary level, in response to the Crowther and Newsom Reports, both by increasing the number of teachers and the scale of the five year capital investment programme for school building. However, it had been forced on to the defensive in the face of the unpopularity of selection, and the belief that secondary modern schools were inferior to grammar schools. The Conservatives sought to distance themselves from their previous adherence to the 'rigid bipartitism' of secondary selection and grammar schools. Sir Edward Boyle, the Minister of Education from 1962, defended grammar schools but was sympathetic to means which would remove the

need for selection. In contrast, the Research Department pointed out the electoral risk in merging established grammar schools in the pursuit of 'desegregation'. His junior Minister, Christopher Chataway, has taken the view that Boyle's,

> ... cautious and agnostic position did not win him many plaudits. The supporters of reorganisation were unimpressed by his hesitancy, while the defenders of the grammar schools had the distinct impression that a pass was about to be sold.

At best Butler must have been ambivalent at this shift away from his Education Act of 1944.(29)

Both within the Party and outside it a 'New Right' opinion developed which was hostile to ever increasing Government expenditure and high taxes, liberal policies on crime and immigration, and the withdrawal from Empire. As Chairman Butler's liberal instincts in all these areas were more likely to antagonise than conciliate them.(30)

The 'middle-class revolt'

The middle classes were in what Iain Macleod described as a 'revolt of the unorganised against the organised'. 'Disgruntled true-blues' complained of lack of leadership, the high level of Government spending, high interest and hire purchase rates, and rising transport fares.(31) There was a widespread feeling that Conservative economic policy should pay more attention to their interests. The implementation of the pay pause in the public sector, aroused highly articulate groups of critics, who saw their differentials eroded as pay in the private sector raced ahead. In practice, the TUC and the FBI were unable to do

more than merely advise their organisations to pay heed to the new planning bodies, and the TUC refused to co-operate with the NIC. As a result, Kenneth Morgan has written that, 'This was planning without teeth, let alone penal or legal sanction.'(32)

The Government's refusal to legislate against the trade unions did not satisfy a large section of public opinion which felt that some counter to the bargaining power of the trade unions in a period of full employment was necessary. It included 103 Tory MPs who in November 1962 signed a Commons motion in favour of legislation against unofficial strikes. Macleod advised Macmillan that he believed they were, 'typical of the widest sort of Conservative opinion.' Many felt that the Party was being too liberal, and was out of touch with the concerns of Tory supporters. Butler noted MPs' concern at the Prime Minister's admission, repeated to a meeting of the 1922 Committee in July 1962, that post-war Labour ideals were being realised in the Tory Party.(33)

Butler's policies on crime and immigration as Home Secretary also antagonised traditional Tory supporters. The Government was determined to deal with the 'unparalleled' crime wave through the programme of measures outlined in Butler's White Paper, Penal Practice in a Changing Society. This position did not satisfy many Tories, especially women, and the force of their pressure seemed to suprise Butler who wrote to Macmillan that, 'There is no logic in politics, so one just has to accept issues as one finds them.' However, he stood

his ground.(34) The passage of the Criminal Justice Bill in 1961 contained no return to birching or flogging, to the disgust of many Tories who made their feelings known at the 1961 Party Conference at Brighton (69 Conservative MPs voted for an amendment demanding their return). Party unity was maintained on the leadership's terms after a successful speech by Butler, but it was another blight on his leaderhip hopes.(35)

Tory activists were more successful in their demands for immigration controls. The number of Commonwealth immigrants from under-developed countries rose from 21,000 in 1959 to 58,000 in 1960, and 136,000 in 1961. It was increasingly difficult for them to be absorbed into the labour force in the harsher economic climate of the 1960s, and the strain on local services in particular areas provoked isolated racial incidents. A Gallup poll in the summer of 1961 showed that 67 per cent of people advocated the imposition of some restrictions. Butler was reluctantly persuaded that immigrants could be integrated into the community with tolerance and without friction, only if the potential size of the social difficulties involved was anticipated and reduced. The result was the Commonwealth Immigrants Bill of 1962 which controlled entry by a system of labour permits. In practice the rate of net immigration was approximately halved.(36)

The Bill was viciously attacked by the Labour Party and by the quality press as 'cruel and brutal anti-colour legislation' which tarnished Butler's liberal reputation.

However, it did nothing to endear him to Tory right wingers, as he made his lack of enthusiasm for some aspects of the measure all too evident, in the view of his junior Minister, David Renton. Both sides in a contentious issue tended to think the worst of him. Macmillan thought he had made a mess of it, noting in his diary that, 'He has brought much of his trouble on himself by an appearance of vacillation.' The issue reflected an increasing divergence between Party opinion and Government action.(37)

'From three hats to one'

These difficulties highlighted the essential incompatibility of Butler's role as Party Chairman with those as Home Secretary and Leader of the House of Commons. There were indications that Macmillan was concerned about this difficulty as early as 1960. He noted in his diary that, 'Rab's weakness and oddness seemed to grow not lessen.'(38) The issue of a change was the subject of much agonised correspondence, and reflected a preoccupation with his personal position in the race for the succession. Michael Fraser, Director of the Research Department, advised Butler that it was too early for him to move from the Home Office or the Party Chairmanship without serious damage to his reputation and,

> ... without at best giving the impression of having started a lot of enterprises without having seen them through, or, at worst, giving rise to rumours either of failure or of having taken on too much. Equally you cannot give up the Leadership of the House without losing seniority, and a good deal of influence on future Government policy to someone else.(39)

In the Cabinet reshuffle of July 1960 Selwyn Lloyd's appointment as Chancellor meant that there was a vacancy at the Foreign Office, which Butler would like to have taken. He claimed in his memoirs that he would, '... like to have gone there and assumed one hat instead of three.'(40) However, at the time he, '... accepted that, if my excellent relations with HM were to continue, I had better not move.' Butler recognised that, given Macmillan's interest in foreign affairs, the Foreign Secretary would merely be an agent of the Prime Minister.(41) It was also the reason he gave for twice declining Macmillan's offer of the Commonwealth Relations Office, which would have been interpreted as a decline in his influence and prestige (as he would have succeeded Lord Home who was promoted to the Foreign Office). In a letter to Macmillan which was never delivered, he decided that,

> I would rather not move from my present position except to somewhere in which I felt unconstrained and which we were both happy about and absolutely free to give uninhibited service.(42)

Butler was determined to '... continue to contribute to Party thought and policy,' as the basis for any future leadership bid. He was probably satisfied with Home's appointment as Foreign Secretary as it meant that none of his potential rivals for the leadership such as Iain Macleod got it. However, in May 1960 Macmillan told Selwyn Lloyd that, '... he was sure that Butler could not lead the party - he would not hand over to him.'(43)

Macmillan returned to the issue again in 1961 when the Conservatives were in further difficulty, and he felt

insecure about his own position as leader. Polls still showed Butler as most favoured successor. He became increasingly concerned about the threat of a 'palace revolt' led by Butler over the unpopularity of the 'New Approach' and the European issue.(44)

This time he insisted upon Butler's removal as Party Chairman. He saw it as a chance to defuse the friction that had built up between the Party and the Home Office, reflecting his concern for the electoral situation. He told Butler that he wanted a younger, post-1945 entrant Chairman, with 'more fire' than Butler had recently displayed, to prepare for the next general election. Butler noted that,

> He seemed comparatively indifferent to my regrets at no longer serving the Party intimately. He said 'you can sell the home farm or let it and still take an interest in the Estate'.(45)

Butler was, in the words of Selwyn Lloyd, 'deeply wounded'. He felt that he had achieved his objectives as Party Chairman to increase the Party's membership, albeit a temporary recovery on what was in fact a steady decline from 1960 onwards, and to get the organisation in good shape to fight the next election. As part of his aim to widen the social base of the Party, there were now 14,000 trade unionist members, including an increase of 4000 in one year. The Young Conservatives were doing very well in their membership campaign, and in local government the Party had regained control of Lancashire, Middlesex and Essex.(46) Yet his removal came at a time of a Gallup poll slump in the Party's fortunes which was none of his making. Butler

complained to Lord Home that he was, '... not responsible for the policies which have caused only a temporary decline.' He had warned Macmillan in July of his belief that there had been a decline in the high morale of Party workers due to, '... uncertainty as to where we are going in certain major issues.' By this he meant the failure to maintain economic prosperity, and the shift towards more planning in the economy which was the antithesis of his aim to 'set the people free'. An important distinction between the Parties had been blurred, and at least Butler's removal meant that he no longer had to publicly defend the changes.(47)

Macmillan also saw it as a chance to promote Macleod away from the Colonies where he had antagonised the right wing of the Party. However, Macleod would only accept the Chairmanship if he became Leader of the House as well, thereby defeating Macmillan's desire to separate Party from Government. In fact Butler was to be as much a victim of Macleod's ruthlessness as of Macmillan, who had to go back on his argument and demand that Butler gave up the House too as it was too much of a 'treadmill'. Butler wrote that, 'He [Macmillan] thought 6 years was enough and the fact that I had shown a certain virtuosity did not necessarily do me any good with the Party.' The loss of this post was particularly hard for Butler since he thought it important for 'dynastic reasons', in the sense of being well placed to succeed Macmillan .(48)

Butler, who had first heard of these plans second hand, was

advised by Michael Fraser to hold on to all his existing appointments at least until after the Party Conference to avoid creating the wrong impression. Assuming that Macmillan would carry on for some time to come, Butler should carry on as Leader of the House, as it was a convenient position for a deputy to hold, it was in the middle of the Cabinet committee structure, and enabled useful contacts. On the other hand, he believed there was a fair case for giving up the Home Office, as

> The Party reactions to the crime wave are likely to continue to be on balance harmful to you. The fruits of your policies will probably take a long time to ripen - too long to be personally useful.

Fraser urged Butler to retain the Party Chairmanship, because it was doing him good rather than harm. It enabled him to keep close contact with the Party in the country, and for them to get to know him. He even suggested the possibility of Butler being appointed Deputy Prime Minister.(49)

There were several meetings between the two, so it seemed that Butler resisted the proposed changes. Macmillan had to offer additional inducements to make the idea of Butler helping him more of a reality, including the Chairmanship of the Cabinet Committee overseeing the Common Market negotiations. He even offered Butler a peerage, a measure of his determination to get his way. Butler demanded the formal title of Deputy Prime Minister in return for his sacrifice, and in this he was supported by the Chief Whip. However, it was dropped, at Macmillan's insistence, on the advice of Sir Norman Brook, the Cabinet Secretary, who advised that no

such position existed constitutionally. Macmillan wanted to avoid any presumption of succession in favour of Butler, but he reassured him that the changes would not affect the choice of his successor. Butler noted Macmillan's assertion that he would,

> ... have a far better chance of succeeding him if the issue lay with the Crown before the Election, than if the choice were to be left to a Party meeting after the Election when we had lost.(50)

In the face of this opposition Butler '... somewhat unexpectedly bought the formula,' and accepted Macmillan's wishes. This confirmed Macmillan's suspicion that he lacked the necessary drive and ruthlessness to become leader. The changes were interpreted by the press as representing the advance of one of the younger generation of Ministers into the leadership stakes, albeit one of Butler's proteges. The Times wrote that,

> One important effect of Mr Macmillan's reconstruction of his Ministry is to leave Mr Butler with one hat instead of three and to give Mr Macleod three hats instead of one.

However, Butler later felt that this, '... must be the beginning of what we wanted to see in the end, namely my own success in the Party and Iain following me.' Macmillan must have been frustrated by the ease with which Butler appeared to bounce back from such a reversal of fortune.(51)

The changes had been announced on the eve of the Conservative Party Conference at Brighton in October 1961. Butler was forced to face it, '... shorn of two plumes and retaining only the Home Office, which is the one hot potato.' In the event he scored a striking success in the

debate on law and order which, '... gave me considerable acclaim and helped re-establish my position.'(52) Opinion polls continued to show Butler as Macmillan's most favoured successor. Harold Evans, Macmillan's Press Secretary, observed that, 'Rab is having to steer delicately at the moment when leadership questions are being so freely discussed.' In the press Henry Fairlie argued that the changes had enhanced Butler's power, as he now possessed a power of veto within the Party because he had made himself indispensable to it. Butler regarded his appointment to chair the Common Market negotiations committee as, '... a strategic position of great political interest.' It appeared to put him at the forefront of the Government's modernisation strategy.(53)

The 'great reappraisal'

The changes marked the beginning of Butler's shift away from home affairs, and the Government's increasing emphasis on Britain's entry into the Common Market, as the central plank of its modernisation policy.(54) Butler's involvement with the European question went back further than his appointment as Chairman of the Cabinet Committee with oversight of the Common Market negotiations, to the 'great reappraisal' of 1960. He had chaired a Cabinet sub-committee, known as HOPS, which brought together the facts on the Common Market, and led to the Cabinet's decision that Britain should apply for entry in July 1961. Many years later Butler recalled the significance of his appointment:

> At that date the succession to the leadership was not settled; and at that date in many ways I was the

senior, right up to the end, in the succession.(55)

Macmillan realised that, in terms of the Party and the country, Butler was a crucially important figure in any successful decision to head for Europe. He hoped this would give confidence to the Commonwealth and British agriculture, of whom Butler was a staunch defender, and make it more difficult for him to lead a revolt on the issue by involving him in the Government's change of policy.(56) However, it was arguable that Macmillan got more trouble than he bargained for, as Butler sought to make his views known.

Butler remained a sceptic, largely due to his concern for the protection of British farmers. As MP for an agricultural constituency he even felt his '... seat to be fundamentally at stake.' Macmillan recorded in his diary a rumour in the Sunday Express that,

> ... the Home Secretary, R A Butler, has definitely decided to play the role of Disraeli - break the Government and lead the orthodox 'Country Party' to the defence of British agriculture and the Commonwealth.(57)

It was partly due to the doubts of Butler, Maudling and Hailsham, that the terms of the application were couched in such cautious language. Butler felt that the Government should not place all its hopes on one solution to Britain's problems, reflecting his innate attachment to the art of the possible. He was not prepared to come out decisively for or against entry until he could predict the likely outcome, and until then he hedged his bets in a display of the vacillation which Macmillan so disliked in Butler's character. On hearing that Butler was professing his sympathy with both the pro and anti-Europeans, Anthony Eden

declared to Selwyn Lloyd that, 'He does not seem to realise that the antis and the pros sometimes meet.'(58) Macmillan treated Butler's indiscretions as a real threat to his leadership and, coming on top of a nosedive in the Party's fortunes, this encouraged him to saddle Butler with a seemingly impossible task.

The corollary of Britain's entry into the Common Market was the withdrawal from Empire. After 1959 the process of decolonisation was speeded up. The Government regarded the process as a conservative policy that had to be pursued in order to avoid something worse. However, it attracted the criticism of an increasingly vocal minority on the right of the Tory Party led by Lord Salisbury and the newly established Monday Club. The division over the speed and nature of decolonisation and transfer to black majority rule was highlighted by the controversy surrounding the future of the Central African Federation of Northern Rhodesia, Southern Rhodesia and Nyasaland. By appointing Butler to work out a solution as Minister for Central African Affairs in March 1962, Macmillan may have hoped to keep him busy and away from any significant influence over his European policy.(59)

Many hours of thought went into Butler's decision, but Macmillan rightly counted on his sense of duty to persuade him to accept the post, even though he had not asked for it and had suggested other candidates. He decided to accept the job in the belief that, '... if I did not I would be turning

back rather than forward in my own career.' Macmillan told him that it could make his reputation, but Butler did not underestimate the difficulties involved. Many commentators felt that there was a reputation to be lost, and Butler's second thoughts were evident in a series of worried telephone calls to Timothy Bligh, the Prime Minister's Private Secretary. He recognised that success or failure would be bound to antagonise different sections of the Tory Party. It was to take up much of his time and energy over the next eighteen months.(60)

However, Macmillan had unwittingly put Butler at the forefront of a potential revolt based on a combination of opposition to the Common Market and defence of the Commonwealth. In April 1962 Butler was advised that

> ... the solution of the Central African problem provided a wonderful opportunity of casting in with those Conservatives who might be instrumental in forwarding my own personal interests.

He had also yet to commit himself fully to Britain's entry into the Common Market. Harold Evans noted chief negotiator Edward Heath's irritation with Butler for giving pessimistic briefings to lobby correspondents. As late as July 1962 news was reaching Macmillan,

> ... that (a) if we reach agreement in Brussels, Butler will lead a revolt in the Party on the cry of 'selling out the Commonwealth'; (b) if we fail, the PM's Common Market policy ... will be humiliated and he must resign.

As the Government was already deeply unpopular among all sections of its support because of the major upheavals in policy, such rumours may have partly caused him to lose his nerve and sack one third of his Cabinet. He later told

Selwyn Lloyd that, 'Butler had been plotting to divide the Party on the Common Market and bring him down.'(61)

'The night of the long knives'

In March 1962 Conservative grass-roots discontent revealed itself in a series of poor by-election performances. The biggest shock came in Orpington, previously regarded as one of the safest Conservative seats in the country, where a Tory majority of 14,760 was turned into a Liberal majority of 7,855. On average the Conservatives lost 20 per cent of their vote in each by-election in 1962. On 28th March National Opinion Poll's survey gave the Liberals 33.7 per cent, Labour 33.5, and the Conservatives in third place with 32.8 per cent. Its detailed constituency survey confirmed Macleod's belief that, 'Incomparably the leading factor was the dislike of the pay policy and general dislike of the Government.' However, the real danger was the subsequent transfer of this swing to Labour rather than back to the Conservatives as in 1959. The Middlesbrough West by-election in June, revealed a spectacular swing away from the Tories to the Labour Party.(62)

Tory MPs and supporters saw economic expansion as the key to their electoral fortunes, and they were dismayed by the Chancellor's reluctance to embark upon reflation in the 1962 Budget. Butler felt that the time had come for reflation to 'set the people free' once more. Paul Channon, his Parliamentary Private Secretary, reported to Butler that, '... there is a general feeling that changes must be made quickly or if not Party loyalty will be strained to the

utmost.'(63)

Butler urged Macmillan to give the Government a new look and to initiate the reflation of the economy. In a discussion in June 1962 Macmillan noted that Butler,

> ... feels that the present grave political situation is due entirely to the bad handling of the economic problem (or rather its bad presentation) by the Chancellor of the Exchequer and the Treasury. He felt that drastic action was necessary to save the situation. This means the problem (an immense human and political problem) of replacing the Chancellor of the Exchequer.

Butler pressed for Lloyd to be replaced by Reginald Maudling, the Colonial Secretary, who shared similar views about the need for economic expansion.(64)

Macmillan may have accepted Butler's advice on this issue, but his decision to form virtually a new Government in a separate reshuffle during the summer recess aroused alarm. Butler was extremely unhappy about Macmillan's intention to remove him from the Home Office, leaving him only with his Central African responsibilities, which he had assumed in March 1962 and carried little chance of further political achievement. He admitted in a letter to Macmillan on 11th July that,

> I have been on a limb before with a minute staff and found it difficult to keep things going.... I should lose a lot in precedence if I were simply associated with Africa, and a small piece of it at that.

He considered that his proposed new posts as First Secretary of State and Deputy Prime Minister were roles he had in fact carried out for the past nine years. He knew that no gazetted position as Deputy Prime Minister was permitted

officially so there could be no presumption of succession. There were no defined responsibilities save for those laid down by Macmillan, and he doubted if this would convince public opinion that he was being promoted.(65)

Butler's unhappiness with these changes led him into a customary indiscretion, which was designed to secure his own position in the Government and the leadership stakes. It was one of the few occasions on which Butler caused Macmillan to panic, as what was intended as one change initially, turned into the dismissal of one third of the Cabinet on 13th July, 1962.

Macmillan felt himself forced into action by a leak in the Daily Mail on 12th July, accurately predicting the sack for Lloyd and several other Ministers, and a major promotion for Butler. As Butler had lunched with the newspaper's owner, Lord Rothermere, the day before, it was clear that 'Rab had blabbed'. Macmillan was appalled and, fearing a conspiracy against himself led by Butler, and the prospect of another by-election disaster at Leicester North East, decided to merge his plans into one massive shake up. Selwyn Lloyd, Lord Kilmuir, Lord Mills, David Eccles, Charles Hill, Jack Maclay, and Harold Watkinson were all sacked within a few hours.(66) As Macmillan intended, Butler was appointed to the posts of First Secretary of State and Deputy Prime Minister.

There was no opportunity for the further discussion or bargaining which perhaps Butler had hoped for as a result of

his indiscretion. There was no evidence on Butler's part of a conspiracy to remove Macmillan, merely to strengthen his own position. Selwyn Lloyd later noted that Butler, '... had known that changes were under consideration but he thought they were after discussion and that nothing would be decided for a month or two.' He complained that, 'I lost the Home Office without any discussion in fact without being asked.' His appointment to discuss the changes on 13th July had been abruptly cancelled. Macmillan had called his bluff.(67)

The end result was the creation of one of the strongest young Cabinets of the century in Butler's view. However, this achievement was lost in the uproar over the method of the changes. The indecent haste in the spilling of so much blood did fatal damage to Macmillan's reputation for 'unflappability'. The impression was one of panic and, on the other hand, of a ruthless attempt by the Prime Minister to save his own skin at the expense of his friends. Macmillan had made many enemies by his actions. The Press were almost universally 'sour', and there were rumours of revolt among backbench Tory MPs, urged on by his perennial critics, Nigel Birch and Lord Lambton.(68)

Press reaction to the changes concerning Butler was on the whole favourable, partly as a result of the leaking of his interpretation of the changes before they had been made. Anthony Howard declared that,

> There can surely be little doubt that Mr Butler has now attained the formal recognition that he has always longed for precisely because at this particular crisis of the Conservative Party's

fortunes he was very much in command.

The Statist asserted that Butler was now in an unassailable position as heir apparent and was accepted by the Party as such. It felt that Butler had emerged as the Minister possessing the greatest personal influence and power, thereby ensuring that there would be no return to 'fundamentalist stock'. All the new men of power were 'graduates of the Butler Academy of Modern Toryism', including Maudling, Boyle, and Powell. Butler retained his public position as heir apparent, and showed no ill effects of losing the Home Office. The Gallup poll continued to show him as the most favoured successor. However, public perceptions of Butler's position differed from those within the Tory high command. His worst fears were confirmed.(69)

Butler wrote in his memoirs that the post of Deputy Prime Minister was, '... a title which can constitutionally imply no right to the succession and should (I would advise with the benefit of hindsight) be neither conferred nor accepted.' The posts were superficially important but they contained no particular responsibilities, save for those defined by the Prime Minister. He should have been wary of accepting the post of Deputy Prime Minister, because it had been denied to him only ten months before on the grounds that there was no such job. For all his apparent determination not to repeat the mistakes of the past he found himself in the same position as in 1955, in that he was without the power and independence of a big Department of State. Now, more than ever before, Butler's fortunes were inextricably linked to those of Macmillan. Futhermore,

as a result of the reshuffle Macmillan had pushed forward another potential leadership contender with the promotion of Reginald Maudling to the Treasury. However, Macmillan's preference at this early stage was for a person who was not even considered to be in the running. In November 1962 Butler noted his belief that, 'There is only one Minister now who could replace me and that is Alec Home.' A personal friend warned that,

> Even now if Rab doesn't change his oblique style and be unequivocal he will again be beaten on the post. Note the outstanding regard for Alec. He reflects the frustrated nationalism/patriotism, contrasting with Harold's failing here - the principal cause of the Party's plight in the country.(70)

The leadership race was wide open as Macmillan intended. He confided in Selwyn Lloyd at the time of his dismissal that he believed Butler 'would not last six months' if he became leader. The outlook seemed rather demoralising for Butler. Macmillan's declaration back in January that he intended to carry on until prevented by ill health and would decide his future, '... before the Election in which case it falls on you or else it will be a year or two after the Election in which case it will not be so certain,' now seemed rather hollow. In the aftermath of the 'night of the long knives' Macmillan told Butler, as recorded in the Tony Benn diaries that, 'I don't see why I should make way for you, old cock.' In October 1962 Selwyn Lloyd noted a conversation with Butler who had concluded that,

> ... the Prime Minister in his view had no intention of resigning. He was determined to fight the next Election. Butler felt that he himself could do nothing to change the situation. He had talked over with his wife the possibility of him starting some

new career.(71)

Butler's demoralisation had been accompanied by an upturn in Tory fortunes. On 19th July Macmillan addressed the 1922 Committee and formed the impression that, '... feeling was now moving definitely towards me and my action.' Apart from the inevitable instinct to pull together in a crisis, there was an increasing realisation that most of the changes were good ones. With Maudling at the Treasury Macmillan was confident that the Government was, '... now definitely set upon an expansionist course.'(72) By the autumn of 1962 cuts in purchase tax and the bank rate, and a new, permanent incomes policy had been instituted, and the Government was pressing ahead with negotiations for Britain's entry into the Common Market as the central plank of its modernisation policy. The prospects for the Conservatives did not seem too bleak.

Conclusion

The previous three years had witnessed a perceptible decline in Butler's influence over policy making. His attempt to formulate a non materialistic philosophy as Party Chairman was hampered by the Government's inability to maintain the economic prosperity necessary to pay for long overdue improvements in the social services and reduce taxes. Butler found it increasingly difficult to maintain an electoral balancing act between the demands of middle class supporters and newly prosperous working class supporters. As a result the Government initiated significant changes in policy, in the shape of more planning in the economy, and negotiations

for entry into the Common Market, with mixed success. These changes signalled a shift away from the policies espoused by Butler and reflected the degree to which he was now reacting to the political agenda not directing it. He continued to be publicly regarded as heir apparent, but Macmillan's actions, in removing him as Party Chairman and Leader of the House of Commons in 1961, and the loss of the Home Office in 1962, showed his determination that Butler should not succeed him. However, he still had the opportunity to make trouble for Macmillan through his oversight of the EEC negotiations, and the intractable problems of the Central African Federation. They marked the end of Butler's influential role in domestic affairs, for which the Government was to pay a high price. The failure of economic expansion to secure an upturn in Tory fortunes, the rejection of Britain's application to join the EEC, and the poor handling of a number of security scandals, gave the impression of a Government which was incompetent and increased speculation about Macmillan's future. It seemed that Butler might after all get the top job. Throughout the summer of 1963 he played a skilful waiting game, which looked as though it would succeed when Macmillan was taken ill in October. Yet Butler showed himself unable to take advantage of the situation to advance his own ambitions for the leadership. A mixture of fatalism and Macmillan's determination that he should not succeed him, combined to deprive him of his inheritance once again. The Tory election defeat in October 1964 and Butler's retirement from politics a few months later were the unforeseen consequences of his failure.

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5

The Tory Leadership Crisis: 1962-1964

Introduction

Butler's removal from the Home Office in July 1962 left him shackled to Macmillan as Deputy Prime Minister and First Secretary of State. Without the power and independence of a big department of state Butler was left to oversee the EEC negotiations, regarded by Macmillan as the key to the country's economic prospects and the electoral fortunes of the Conservative Party. Butler's scepticism was probably more in line with the majority opinion both in the Conservative Party and the country as a whole, but he was unable to alter the Government's policy. Yet press rumours of Butler's machinations appeared real enough to Macmillan.

Earlier, in March 1962 Butler had assumed responsibility for Central African affairs, with the task of preserving the federation in the face of African nationalism. In the event, his acquiescence in its break-up did his reputation immense harm among Tory traditionalists who felt it reinforced his appeasement past. However, he was never likely to have attracted their support, and the main detrimental effect of his preoccupation with Central African affairs was that he was sidelined from exercising a decisive influence in domestic affairs.

Reflationary measures produced a marked improvement in the economy but they failed to satisfy a vague desire for

change amongst voters. The handling of the Vassall and Profumo security scandals gave the impression of an increasingly accident-prone, incompetent and tired Government. There was renewed speculation about Macmillan's leadership, and Butler did his best to put forward his candidature without forcing events, in the hope that he would emerge as leader in the traditional way. However, Macmillan's determination that Butler should not succeed him, and Butler's unwillingness to fight for the succession ensured his ultimate failure in the 1963 leadership crisis. Despite his disappointment Butler was still willing to give Lord Home's Government the benefit of his advice and experience, but his appointment as Foreign Secretary continued the process of marginalisation which had begun under Macmillan. In a real sense the 1963 leadership crisis marked the beginning of the end of his political career at the relatively early age of 60 years.

Europe and Empire

Butler did not offer his wholehearted support to Britain's application to join the Common Market until August 1962, but his argument in favour of entry was essentially negative in that, '... if we are left outside we shall be isolated from the advantages of joining freely in Europe's development, in her politics and in her trade.' Macmillan noted that,

> ... inspite of (a) the farmers; (b) the Commonwealth; (c) the possible break-up of the Conservative Party, he had decided to support the Common Market. It was too big a chance to miss for Britain's wealth and strength. But we must face the fact that we might share the fate of Sir Robert Peel and his supporters.(1)

On this occasion, Butler's wariness was to prove more

perceptive than Macmillan's enthusiasm.

In October 1962 the Conservative Party Conference at Llandudno delivered a massive vote in favour of joining the Common Market. In doing so the Tories had established a clear difference of policy with Labour. In the previous week Hugh Gaitskell, the Labour leader, had declared himself against entry citing as his reason Britain's thousand years of history as an independent state. Butler, having judged which way the wind was blowing, gave his public support to Britain's entry into the Common Market. He caught the mood of euphoria when he declared, 'For them, a thousand years of history books. For us, the future.'(2) It seemed that Butler was no longer making the political weather but following it.

Such was the buoyant mood that Butler was particularly keen on an immediate election, but Macmillan decided to wait for the outcome of the EEC negotiations.(3) Given the Conservatives' dependence on the EEC as a solution to the country's problems, it may have been better to go to the country with it as a live issue which differentiated the main parties, rather than wait and risk the possibility that the neogotiations might fail. This was the scenario Butler had feared at the outset.

The euphoria of the Tory Party Conference soon wore off. From then on there was nothing to cheer Conservative supporters and much to depress them. Unemployment soared to 800,000 (the highest since 1947) as the economy remained in

a semi-stagnant condition, seemingly immune to Maudling's reflationary measures. In addition the Government's handling of the Vassall spy scandal antagonised the whole of Fleet Street. In international affairs the USA cancelled the Skybolt nuclear weapon, and the Common Market negotiations reached an impasse, confirming some fears that the Conservatives had overplayed the issue at Llandudno. These setbacks harmed the Government's 'competence image'.(4) In the 'little general election' of November 1962 the Conservatives performed poorly with Labour as the main beneficiary. Harold Evans, Macmillan's Press Secretary, felt it was,

> ... a setback, especially coming at a moment when the Tories were telling themselves that they had found their way back to the winning trail.

There was renewed press speculation about Macmillan's leadership, but Butler observed that Tory MPs were ominously quiet; they were '... concerned for their own skin and are nervous... about doing or saying anything.'(5)

President de Gaulle's veto on Britain's entry into the Common Market, and the eventual collapse of the negotiations, in January 1963 was a disastrous blow to Macmillan's modernisation strategy. Butler agreed that, '... the engine had fallen out of the entire Government's strategy.' He had always been a reluctant convert to the Common Market, and given his tendency for ambiguity, had never favoured the Government putting all its hopes on one solution. He told Tony Benn that he had been,

> ... very doubtful about it and I only supported it because of our exports. If we had gone through with it we might have faced a real farmers' revolt....

> but it may make it easier for us to win the Election.(6)

However, relief at this outcome soon turned to anger at the humiliation suffered by the country and the Government. Public opinion polls which showed the public to have steadily moved against entry while it seemed probable that the negotiations would succeed, now blamed the Government.(7)

The Common Market debacle forced Macmillan's critics out into the open. The right wing Monday Club called for his resignation, and he found the challenge from his enemies '... reaching quite formidable dimensions. "Macmillan must go" is the cry.' A Sunday Telegraph poll in March found that nearly half of Conservative voters thought Macmillan should retire, a view shared by a sizeable chunk of the parliamentary Party. In March 1963 the Gallup poll showed the Labour under their young new leader, Harold Wilson, 15 points ahead of the Tories - their largest lead in 17 years.(8)

Macmillan told Butler that he had no intention of retiring since there was no clearly agreed alternative. He felt that the younger men, Maudling, Heath or Macleod, were not ready to take over, and the criticisms covered Butler 'in their broad umbrella'. Butler had good reason to accept this view. He told Tony Benn in February 1963:

> Everybody always writes about me as a possible successor to Macmillan.... Nobody ever writes about what I do. It's getting me down.(9)

Butler was under pressure from Tory MPs because of his attitude towards the future of the Central African Federation. From the start he privately felt that the Federation was doomed, a view with which Macmillan reluctantly agreed. Having failed to obtain agreement for a new association, Butler concentrated on organising a conference which would bring the Federation to an orderly end with the co-operation of the three governments concerned. The peaceful dissolution of the Federation at the Victoria Falls Conference in June 1963 was a remarkable success which solved two thirds of the problem. In its place came the newly independent states of Malawi and Zambia (formerly Nyasaland and Northern Rhodesia respectively). Butler had wanted to press the minority white government of Southern Rhodesia for constitutional amendments in favour of the Africans in return for independence, but Macmillan was fearful of the consequences for Tory Party unity, since over 200 Tory MPs were adamantly opposed to any constitutional revision there.(10)

Butler had been given the '... opportunity of casting in with those Conservatives who might be instrumental in forwarding my own personal interests.' Right wing Tory imperialists wanted to preserve the status quo, and were the subject of lobbying by the Federation's High Commissioner in London.(11) Therefore, Butler's attitude was positively unhelpful to his leadership chances as it brought to the forefront once again his reputation for appeasement. They felt he had betrayed a great cause - that of the white man in Africa. As a result Butler did not receive adequate

credit for his achievement. The Times commented that, '... there was little or no sign that the Tories value this tour de force of political management and accommodation.' Butler counted it as one of his greatest successes, especially since he shared the view of Roy Welensky, Prime Minister of the Federation, that Macmillan hoped the task would break him. However, he came increasingly to feel that he had had enough 'hot potatoes' to last a lifetime as his chances of becoming Prime Minister lessened.(12)

Butler's preoccupation with the problems of Central Africa increased his isolation from domestic affairs. The Government had resorted to a 'dash for growth' as the key to its electoral fortunes. Maudling believed that the Budget would be, '... the moment to launch the post-Brussels policy on the Home Front.' The dilemma was how to expand the economy, through increased public spending and tax concessions, without generating balance of payments difficulties.(13) Butler,

> ... took the firm view that a reduction in the standard rate would make a permanent mark whereas reductions in the bands and allowances would soon be lost sight of.(14)

However, Maudling was concerned not to be too generous in the Budget so as to avoid, '... any suspicion that we were manipulating the economy for Party advantage.' Party officials believed that Butler's tax cutting strategy of the early 1950s had been so successful that,

> ... in recent years much of the urgency has gone out of the demand for the reduction of taxes and many people attach much more importance to increasing expenditure in one field or another.

It was a reflection of the decline in Butler's influence on the home front, that Maudling eventually decided to make tax reductions by increasing personal allowances rather than reducing the rates.(15)

In fact the Government's reflationary measures produced a marked improvement in the economy over the next few months, but it continued to do badly in by-elections, and in the borough elections in May 1963, with Labour as the beneficiary. Harold Evans observed that the Gallup poll for May, '... did not reflect the feeling in Westminster that the Tories are pulling up fast.'(16) Economic prosperity was no longer enough, as a new mood of 'idealism' in the 1960s clashed with the materialist sentiment of the Government. However, it was the impression of an increasingly accident-prone, incompetent and tired Government, which was to prove so deadly and made the 'time for a change' argument so compelling.

The Profumo scandal

On 5th June John Profumo, the Secretary of State for War, resigned from the Government and from Parliament after admitting that he had lied to the House of Commons about the nature of his relationship with a call-girl, Christine Keeler. She was also having an affair with a Soviet naval attache, thereby raising the question of national security. Butler had been in charge of the Government when the scandal broke, and accepted Profumo's resignation. When he called Macmillan back from Scotland Butler was amazed at Macmillan's complacency. He noted that he (Macmillan) was,

> ... in a somewhat euphoric state, and... can hardly believe the trouble into which he was coming. It was only in the following week that he realised the extent of the tragedy that had occurred.(17)

Coming on top of the Vassall spy scandal the affair was a gift to the press which fed on the rumours of further scandal flying around Westminster. The Denning judicial enquiry subsequently cleared the Government of complicity, but by then the damage had been done.(18)

Butler was appalled at how badly the situation had been handled, but it further reflected the decline of his influence in the Government. Macmillan rejected his advice to delay Profumo's statement denying any impropriety with Keeler in March 1963, when the allegations first arose, until an enquiry had been conducted. In the meantime, Butler felt that Profumo should have withdrawn from his post. This would have saved Profumo from lying to the House and would have protected the Government from considerable embarrassment.(19)

In the censure debate on 17th June Butler felt that Macmillan's '... lack of knowledge of what had happened made a disagreeable impression upon backbenchers,' and seemed to confirm the impression of him being out of touch, unworldly and incompetent. There were 27 Conservative abstentions from both the left and right of the Party, the most serious defection during Macmillan's Premiership. There would have been more had it not been for the Whips' coercion, and there seemed no doubt that the Prime Minister's future lay in the balance. Labour raced to a 20 point lead in the Gallup poll,

their highest for 25 years. Macmillan told Butler that he was contemplating resignation, but he did not wish to go '... on the basis of this one sordid case but would wish to do it in an orderly manner.'(20)

It was perhaps for this reason that Butler chose to keep his head well below the parapet. He was glad to be going to Africa, '... and getting out of much of the mud.' In an interview with Kenneth Harris about religion Butler distanced himself from the scandal. He had always disliked the moral decadence which the Profumo affair was portrayed as representing. He declared that he was,

> ... aware that the public is deeply concerned. And to do them justice, it's the right thing to be concerned. It shows that the nation is fundamentally moral at heart.

Butler stressed the importance of his own Christian values in the conduct of his life. He felt that such values would,

> ... carry a great deal of public support especially in these difficult times when you have discussed materialism, when you have discussed the need for greater morality.(21)

Butler had clearly not entirely abandoned thoughts of securing the leadership, particularly since he found the rumours circulating about Cabinet colleagues disturbing. His shrewd perception of Conservative opinion was reflected in a telegram from David Bruce, the US Ambassador, to the State Department in the aftermath of the scandal, in which he stressed that the Conservative Party felt the need for 'morally impeccable leadership'.(22) However, his '... decision not to take any action or to agitate at all,'

proved to be the right one. He may have been exercised by the remark of Australian Prime Minister Sir Robert Menzies that, 'he who sought to wear the lion's skin was often killed in hunting him'. Butler was anxious not to be cast in the role of executioner; any decision about the leadership had to be left to Macmillan's sole discretion.(23)

The waiting game: June-October 1963

Butler was conscious of his intense disappointment in 1957, and he sought to build up a protective shield in the event of his being unsuccessful again. It was in this mood that he played down his leadership ambitions, declaring himself to be, '... greatly calmer about it than some people imagine.' His ambivalence was best summed up in the view he expressed at the end of July 1963 that,

> It is no good thinking there is no life left if one is not elected Pope. One can always be a respected cardinal. On the other hand while there is a chance it is a good thing to be in for it... The important thing is not to regard the struggle as over at this stage.(24)

Such a view has been described as, '... a fatal intimation of his own political defeat.' Tory MP Charles Fletcher-Cooke warned that Butler's support was growing albeit fitfully, and he was alarmed to hear of,

> ... rumours that he is talking defeatist talk about his chances. This will not do. It is an understandable piece of re-insurance against disappointment, but we who support him look for a little more attack.(25)

There was a good reason for Butler's prudence. He had '... been astonished... by the absolute rage of fire which worked through the Conservative Party in favour of a younger man.'

It was made clear to Butler in talks with Macmillan, Martin Redmayne, the Chief Whip, and John Morrison, Chairman of the 1922 Committee, that,

> ... on the question of the next leadership they should jump to a younger generation and not have anybody too closely associated with the present regime.

They felt he should be ready to serve whoever was chosen. Morrison's verdict that 'the chaps won't have you' was confirmed by Butler's soundings. The favourite to succeed was Reginald Maudling, who as Chancellor was benefiting from the expansion of the economy and, at the age of only 46, was regarded as better match for the young Labour leader, Harold Wilson.(26)

In a Panorama television programme on 8th July, Butler accepted that, '... people want us to give a fresh impression of vigour and decision before the next election.' However, he did not feel that age alone should rule him out of the running, since at the age of 60 he was still younger than Macmillan was when he took over in 1957. He could only take comfort from his belief that, '.... a younger man might be there too long and then might be hurt by the election.' He felt it would be far better for an older man to bear the consequences of an electoral defeat. This view gained increasing momentum over the coming weeks, although it would not be to Butler's advantage. Therefore, in a 'strange visit' at the end of July from Maudling, who sought his backing, Butler reserved his position.(27)

Butler was critical of the 'herd instinct' of Tory MPs in

favour of a younger man, but the same instinct prevented any immediate change and enhanced his own chances. There was a unifying determination on the part of MPs that the Government should not be brought down by 'a woman of easy virtue and a proved liar'. In addition, news of the successful negotiation of the Test Ban Treaty earned Macmillan a good reception at the 1922 Committee on 26th July. The Gallup poll in August revealed that the Tories were only 6 per cent behind Labour, compared to the 18-20 per cent lead of two months before.(28) However, Paul Channon, Butler's Parliamentary Private Secretary,

> ... found that members thought the Prime Minister would nevertheless go before the election although he might stay for several months.

Butler was in a good position to bide his time, as Macmillan agonised over whether he should continue. Labour MP Richard Crossman felt that, 'There is now time to think, time for Butler to strengthen his position more and more.' At the end of June Harold Evans had noted,

> ... a brief encounter with a beaming R.A. Butler ... I found myself speculating about the reasons for his bonhomie.(29)

It seemed likely that Butler did not consider Hailsham or Home a viable contender at this stage, despite his knowledge of Macmillan's preference. The Peerage Bill would have allowed existing peers to renounce their titles only at the moment of the dissolution of the current Parliament. In addition, he probably found it difficult to believe that a peer could become leader of a party emphasising the theme of modernisation. No peer had led the Party since 1902. However, Tony Benn believed that,

> Macleod and Butler were both distinctly unenthusiastic about it [the Peerage Bill]. I am afraid, frankly, that for reasons of crude self-interest neither of them wants Home or Hailsham to come back.

Alarm bells should have started ringing for Butler when a House of Lords amendment to the bill was passed on 16th July, allowing any existing peer to renounce his peerage straight away within a period of 12 months of the passage of the Act.(30) Butler's delaying strategy became far more dangerous as the list of potential successors lengthened, thereby making it more difficult for one candidate to take the lead decisively. Even so, he remained committed to the traditional method of Conservative succession by which a leader 'emerged' out of a general consensus. Yet he did nothing over the summer recess to press his claims, so that by October there was still no clear successor and Macmillan had decided to carry on.(31)

Butler's laid back attitude would not have been so damaging to his prospects had he not shared it with Macmillan, whose own conviction that Butler should not succeed him was merely reinforced. It confirmed Macmillan in his belief that Butler would not fight for the leadership. At the beginning of October 1963 Macmillan believed that Butler, '... would clearly prefer me to go on for - in his heart - he does not expect the succession and fears it.' Tory grandee James Stuart correctly summed up Butler's position as, '... relying on loyalty and fatalism to result in its "falling into his lap".'(32) Even some of Butler's natural sympathisers doubted his suitability to become Prime

Minister, primarily because of his tendency to sit on the fence when decisions had to be made. Although his post-war vision had inspired the One Nation group of backbenchers, they failed to back him for the leadership.(33)

Against all the odds, Butler's waiting game looked as though it might ultimately be successful with the unexpected events of the 8th October. On the eve of the Party Conference Macmillan was taken ill with a blocked prostate. It soon became clear that he needed an operation, and Butler took charge of the Government as acting Prime Minister. With Macmillan likely to resign at some stage over the next few months, it gave him the opportunity to 'emerge' as the incumbent and automatic choice for the leadership.

Complacency at Blackpool

Lady Gladwyn, wife of former diplomat Lord Gladwyn (Jebb), noted that, '... when the Butlers arrived at Blackpool they gave themselves airs and were very gracious, confident that Rab was to be PM.'(34) This view was borne out by his actions. He refused to fight or intrigue to get the job for himself. He made no attempt to get the support of Cabinet colleagues, backbenchers, activists, or journalists. John Junor, editor of the Sunday Express, recalled that,

> ... throughout the whole affair Rab made no attempt to influence or to square the newspapers. All the other candidates were practically queueing up to speak on the telephone to any political correspondent who would listen, whereas Rab, normally very friendly with the press, was being scrupulously correct.

Perhaps he believed that it was enough to stand on his record or maybe he was deceived by his high ratings in the

opinion polls, which put him in the lead. At the height of the crisis he proudly noted that, he had '... attempted to be as impartial as possible in running the business and have clearly not had any time to do anything about my own chances.' If the events of 1957 had taught Butler anything it should have been the need if necessary to fight for the job. He failed to learn this vital lesson, and it was clear that Macmillan took advantage of this fact. On reflection, even he was 'astounded' at Butler's failure as acting Prime Minister to do anything about the crisis.(35)

Despite his inaction his prospects improved as other candidates failed to impress the delegates. Macmillan's original preference, dating from February 1963, was for Hailsham, but his exhibitionism aroused the hostility of the Tory establishment, including Butler himself. His campaign was doomed almost before it had started. Maudling's prospects had declined since the summer, and a lacklustre speech at the conference did not help his cause.(36) The stage seemed set for Butler to emerge decisively as the new leader, regardless of Macmillan's machinations.

The shock came when Macmillan felt it necessary to announce his intention to resign almost immediately. Butler claimed that he was,

> ... keen to give him a chance to recover and not to have to take vital decisions when he was an invalid.

He expected any resignation to come after the conference, as '... one did not take a serious decision at a rally.'

Initially this had been Macmillan's intention. He had drafted a letter to Butler stating that, 'I do not propose to announce this decision [to resign] at this stage.' Nevertheless, Macmillan consulted Lord Home who, in his capacity as President of the National Union, insisted that the speculation over Macmillan's future had to be ended. Together they drafted a resignation letter for Home to read out at the Conference. It was hardly the action of a disinterested friend, and Butler was not the only one to feel the Prime Minister had been unduly harassed by certain Ministers to retire.(37) However, the image of a man being forced by his colleagues to resign was at variance with the tight control of events Macmillan maintained from his sickbed. He knew exactly what he was doing, as he moved to deny Butler the succession in the belief that he was not the right man for the job. The Party Conference now became a 'beauty contest' for all the potential candidates.

Butler had successfully fought to make the traditional leader's speech at the end of conference rally, against the wishes of some of his Cabinet colleagues. On hearing the news Macmillan instructed Home to bring forward his announcement from the end of the Conference on Friday to Thursday afternoon. Butler had created his opportunity to make a claim for the leadership as Anthony Howard asserts that, '... by the time he came to make the speech, he would inevitably be regarded as a declared candidate for the succession.' He later claimed, 'I certainly put my hat in the ring and did my best to show that if I were wanted I was available.'(38)

The tragedy for Butler was that he did not make a fighting speech to declare his determination and desire to become the next leader. Whilst the speech contained elements of his 'Invest in Success' message and electioneering attacks on Labour's programme, his delivery, in a 'limp and faltering voice', was described in the Sunday Telegraph as flat and uninspiring. It seemed to confirm Tory MP Sir Gerald Nabarro's description of him as 'donnish, dignified and dull'. Lady Gladwyn observed that on television,

> He looked unattractive physically. Bald, rounded, a flabbiness of flesh, weary, rather old and tired, and an aura of sanctimoniousness.(39)

Whilst the speech drew respectful applause, Butler had no appetite for the revivalist speeches expected of the Party rally which sent the delegates away full of enthusiasm for the year ahead. The substance of the headlines in the Sunday papers was, 'Butler Fails To Rouse Tories'. He had always had a love-hate relationship with the traditional Tory supporters who usually attended to criticise the progressive policies he espoused. His wife admitted,

> ... I knew that this was not the best that he could do. It was as though he was too fastidious to make the sort of speech which would arouse enthusiasm, set the delegates on fire.... I knew in my heart that it was not what the rank and file in the hall wanted or what those on the platform hoped for. Something appeared to be holding him back from giving his real self.(40)

Butler knew something they did not. Lord Home's revelation that he was a candidate came just before Butler was due to make his speech, and it must have had a considerable psychological effect on him.(41)

Once it had become clear that Hailsham could not command enough support, Macmillan had switched his support to Home in his determination to block Butler. Home's candidature had been encouraged since the summer by Duncan Sandys, John Hare, Edward Heath, Redmayne and Lord Dilhorne in the Cabinet, plus Morrison of the 1922 Committee, and senior Tory backbenchers including Selwyn Lloyd, and Nigel Birch. Home was prepared to accept the 'draft' only if it was clear he was going to win and not if he had to fight for it, although he was to display more firmness of purpose than his rivals. The irony of the situation was that this was precisely the way that Butler wished to claim the succession, and this prevented him from making it clear that he would refuse to serve Home early on to stop him from gaining momentum. The major difference was that Home had Macmillan who was prepared to manipulate the result of the soundings in his favour. Macmillan himself admitted in his memorandum of 15th October that,

> ... the important fact is that Lord Home's candidature has not been set forward on his own merits but has been thought of as a last minute method of keeping out Mr Butler.(42)

'Customary processes'

Macmillan initiated a far more extensive consultation process than in 1957 in order to ensure Butler's failure. There were four strands to this process, which involved canvassing the views of the constituencies, Conservative peers, MPs, and the Cabinet, from which Macmillan produced a memorandum for the Queen. It was significant that all of those who were to carry out the consultations (Lord Poole,

Lord St Aldwyn, Redmayne, and Lord Dilhorne respectively), the 'Magic Circle' as Macleod described them, were against Butler's succession and worked actively to prevent it. They were accountable to the Prime Minister only, who would then decide what action to take, not the Cabinet. Yet Butler did nothing to block this process which was sure to dilute his core support in the House of Commons and, more importantly, in the Cabinet. Macmillan noted in his diary that he '... seemed to acquiesce willingly enough,' as did the rest of the Cabinet. They were under the mistaken impression that the consultations would take some time. Butler hoped that the delay would allow Parliament to resume, where his supporters could rally more easily. In fact, Macmillan intended to resign and have his successor installed by the end of the week after the conference.(43)

The rather hasty consultations revealed that in the constituencies 60 per cent were for Hailsham and 40 per cent for Butler, but with strong opposition to both. Opposition to Butler was particularly strong among women members according to Selwyn Lloyd, who believed this may have been caused by his liberal penal policies as Home Secretary. The ability to unify the Party was regarded as a higher priority than electoral appeal, and it was felt that Butler's appointment would be 'depressing'. Most of these soundings had been taken at Blackpool when Home was not thought to be a candidate. The peers were naturally supporters of Home, by a margin of 2 to 1, with Butler second and Hailsham third after his performance in Blackpool.(44)

Of the 300 MPs consulted the largest group, although not by much, 'supported' Home. Redmayne's report showed that only 87 MPs had made Home their first choice, compared to 86 for Butler, 65 for Hailsham and 48 for Maudling, but Home had the highest number of second preferences and the smallest number of 'definite aversions'. As Macleod later pointed out, this was hardly suprising given the work of the Whips in his cause, and the considerable manipulation of the selection process. MPs were not only asked for their first preference, but who they would not accept, and whether they would be prepared to accept Home as a unity candidate. In fact, negative preferences were more important than positive ones, and senior MPs' advice was given greater weight than others by the Chief Whip.(45)

A similar method was used by Lord Dilhorne, the Lord Chancellor, in his consultation of the Cabinet. It allegedly revealed an 'overwhelming consensus' of 10 votes for Home, including Sir Edward Boyle and Macleod, with only 3 first preferences for Butler (Butler himself, Henry Brooke and Enoch Powell), 4 for Maudling and 2 for Hailsham. This seemed inconceivable given later events. Boyle was a clear Butler supporter, writing at the time to friends that 'I am personally for Butler and hope for both the Party's and the country's sake that he gets it.' Macleod had not enjoyed particularly good relations with Home ever since their disagreement over the pace of change in Africa. He charitably assumed that expressions of genuine regard for Home had become translated into second or first

preferences.(46)

The key factor was that Ministers' pursuit of their own personal agenda at this stage ensured their eventual failure to stop Home. Maudling, Hailsham and Macleod were not prepared to give up their own leadership ambitions in favour of Butler. They only backed him when it seemed clear that Home would be successful. Richard Crossman noted that, 'Macleod resolutely came down for Butler as a lesser evil than Hailsham.' This was hardly a ringing endorsement. Randolph Churchill was moved to declare that Macleod's conversion to Butler's cause was '... as late in the day as that of Paul on the way to Damascus.'(47)

The conclusions, however doubtful, confirmed Macmillan in his recommendation for Home, but when Butler heard of it on the morning of Thursday, 17th October, he did nothing to exert himself or organise his support. As acting Prime Minister he had the power to call a Cabinet meeting to pass on this information and give Ministers the chance to state 'publicly' their opinions on the situation. Macleod believed that Ministers would have been able to reassert their control of events, by deciding whether they actually wanted Home as leader. Faced with the reality of a Home premiership Butler's sympathisers may well have asserted themselves. However, Butler may have taken the view expressed by political commentator Robert McKenzie that, '... on the occasion of the choice of a new leader it is the machinery of party and not of government which takes precedence.'

Therefore, he decided to keep the information to himself.(48) The crucial factor in Home's success was that there was no time for opposition to him to build up. In contrast, the opposition to Butler had had six years to build up since Suez.

Butler did speak to John Junor, who recalled that he '... sounded indignant. The cock clearly at last was going to fight.' However, the task of mobilising the opposition to Home was left to Macleod and Powell at the infamous 'midnight meeting' of 17th October. Macleod claimed that,

> Before long it was established that Maudling and Hailsham were not only opposed to Lord Home but believed Butler to be the right and obvious successor. The rest of us felt this understanding between those hitherto the three principal contenders was of decisive importance: the succession was resolving itself in the right way.

As the position crystallised between Butler and Home at least eight members of the Cabinet (Boyd-Carpenter, Boyle, Butler, Erroll, Hailsham, Macleod, Maudling and Powell) were for Butler. There could hardly have been an 'overwhelming consensus' for Home. Enoch Powell concluded that, '... a Butler government enjoying general acceptance was available by the time Macmillan's resignation reached the Queen.' On receiving this news Butler phoned Lord Dilhorne to request a meeting of the contenders to sort out the difficulties. He agreed to ask the Prime Minister but received no reply. It was too late. By midday of Friday, 18th October, Macmillan resigned and Home had been asked by the Queen, even though she had been made aware of the opposition to him, to form an administration on the basis of Macmillan's advice.(49)

In theory the agreement reached between Butler, Hailsham and Maudling should still have been decisive, provided they all refused to serve under Home. Everything depended on their talks with Home, the determination of Butler's allies and, most importantly, the resolve of Butler himself. Initially Hailsham and Maudling, plus Macleod, Powell and Boyle declined to serve unless Butler did so. Boyle 'appealed to RAB... not to let us down.'(50)

Butler himself did not refuse to serve, but, '... reserved his position, intimating that he would not serve under Lord Home unless satisfied that it was "the only way to unite the Party".' In this statement lay the seeds of Butler's defeat. It seemed that this was the point at which he finally gave up any hope of becoming Prime Minister. Home was now in the driving seat as, even though he had not kissed hands as Prime Minister, he had the advantage of occupancy. Any move to prevent his succession was likely to be portrayed as a threat to Party unity, and Butler had no wish to be a second choice Prime Minister. Therefore, he sought consolation in his belief that Party unity should come before his own ambition. In his memoirs he declared that, 'One cannot alter one's nature. I had always worked for the unity of the party and I did so on this occasion.'(51)

Whilst he felt that the whole process had been rushed, and was unhappy about the idea of an hereditary peer becoming leader as it spoilt the image of modernisation, he felt the only other legitimate reason for refusing to serve was a

difference on policy, but he felt there were none. These factors, added to his own personal friendship with Home, made him unable to take advantage of the 'loaded revolver' handed to him. As in 1957 the ruthless 'killer instinct' was missing from his character; in Enoch Powell's words, he could not stomach the thought of 'blood on the carpet'.(52) By reserving his position he was just delaying the inevitable.

At the key quadrilateral meeting on the evening of Friday 18th October, the opposition to Home began to crack. Hailsham intimated that he would be prepared to serve under Home, since refusal to do so would be portrayed as sour grapes. Butler wrongly felt that this amounted to an erosion of support for him, as ultimately the power to decide Home's fate still lay with him only by refusing to serve. The main problem was his own indecision. He refused to telephone supporters to urge them to stand firm, even though in the words of Hailsham aide Dennis Walters, 'Doing a bit more telephoning instead of 'dozing off' would hardly constitute force majeure.' Poole told Walters that he was, 'quite appalled; quite disgusted' at Butler's '... dithering about in a gutless sort of way.' Butler's oldest friend, Geoffrey Lloyd, finally told him, 'If you're not prepared to put everything into touch, you don't deserve to be Prime Minister.'(53) He wasn't, and on Saturday morning he went to Downing Street and agreed to serve Home as Foreign Secretary.

In any case Harold Evans expressed the view that, by

'...Saturday morning Home had made enough progress to decide that, if necessary, he would go ahead without Rab.' The Conservative Party was closing ranks behind the new leader, in the widespread recognition that a split now would be disastrous. Within a week Paul Channon was informing Butler that,

> There is no doubt that the whole Parliamentary Party now wishes to forget this distressing fortnight and even those who opposed him most strongly are now anxious to serve under the PM as loyally as possible.... There is quite a new mood in the air and for the first time people think we might win the next election.(54)

Foreign Secretary under Home

The immediate crisis was over and Butler, denied the leadership for a second time, was destined to become the nearly man of British politics. Despite his intense disappointment the strongly held notion of service remained, and his acceptance of the Foreign Office was the gratification of a long held desire. Macmillan's preference had been for Heath, but securing Butler's participation was more important for Home.(55) He continued to see a role for himself as the 'elder statesman' of the Government, there to give the benefit of his advice and experience, but in a real sense, the 1963 leadership crisis marked the beginning of a twilight period for Butler.

Initially, Butler was treated as a hero by Conservative backbenchers for his self sacrifice. Paul Channon assured him that his,

> ... own stock has never been higher and member after member have come up to me saying how wonderfully you

> have behaved and how you have saved the party.... They are all unanimous in your praise.(56)

However, this sympathy did not last for long. Butler spent much time reflecting on the events of October 1963, and often sought reassurance that he had done the right thing. He was not alone in his preoccupation with such matters. The consequences for the Conservative Party were to reverberate for the next 18 months. The manner of Home's selection had totally discredited the customary processes. Paul Channon believed that the choice of Home when Butler was ahead in the opinion polls,

> ... will merely show how decadent the Tory government and party had become in 1963.... How we can be expected in 1964 to go forward to victory under the 14th Earl of Home passes all understanding.(57)

It aroused much recrimination and inflicted such irreparable damage on the Party that it was felt to be a major contributory factor to the Tories' election defeat in 1964. The publication of Randolph Churchill's book, The Fight for the Tory Leadership, and Iain Macleod's explosive response in the Spectator, in January 1964, shattered any semblance of Party unity.(58) Home's succession was just as problematic as Butler's might have been.

The perceived wisdom has been that Butler treated his tenure of the Foreign Office as a period of self imposed exile, in which he provided the Party with little sense of direction in any context. He looked like a tired and disappointed man whose heart was not really in the job. Although his full programme of duties were adequately performed, he sometimes gave the impression of being inadequately briefed and

uninterested. He allowed Duncan Sandys, the Commonwealth and Colonial Secretary, to make the running on the two most pressing foreign policy issues, those of Cyprus and Yemen. He made only one major foreign policy speech in the House of Commons on 17 June, 1964, and it did not command much attention. Butler got high marks for his sense of duty, low marks for his commitment.(59)

This was not the whole picture. Butler's tendency for ambiguity and indecisiveness found an ideal home at the Foreign Office. His Private Secretary, Sir Nicholas Henderson, recalled that,

> He never had a head-on collision. He rarely gave a firm or final rejection of anything. He always refrained from shutting the door.... But in bigger matters, not coming to a conclusion about a particular course of action was a positive decision. He did it deliberately and he had often found that he had avoided trouble that way.

The result of this stance in Cyprus was the aversion of a threatened Turkish invasion, and the dispatch of a UN peace-keeping force to protect the Turkish minority in March 1964. He was also successful in gaining US support for the British policy of defending the Malaysian Federation against the attacks of Indonesia, and an appreciation of British interests in southern Arabia.(60)

There was neither time nor opportunity for great achievement in his year as Foreign Secretary. Butler recognised that it was the nature of foreign policy that it took a year or two to initiate decisive change and to set a firm imprint on its course. This was exacerbated by the 'wait and see' attitude of foreign governments, particularly in the USA and the

Soviet Union, due to the imminence of the general election. Butler himself admitted that his purpose was '... not so much to achieve as to probe,' which he did in trips to the USA and the Soviet Union in his attempt to further the cause of international disarmament.(61)

Butler's relations with Home were cordial but somewhat strained. As the previous Foreign Secretary with many years experience it might have been expected that Home would seek to conduct foreign policy from Downing Street, much as Eden and Macmillan had done. Butler's Private Office felt that he was, '... content to let Home act as Foreign Secretary as well as Prime Minister.' However, Home was preoccupied with other matters, most notably the necessity of making himself known to the British electorate, in the run up to an election in which domestic issues would be of primary importance. He did so with mixed success. Whilst Home had a great appeal to the converted, it proved very hard for him to attract the support of floating voters.(62)

The opinion polls continued to be unfavourable towards the Conservatives. Michael Fraser's reports to Butler on the state of public opinion confirmed his belief that the best hope of Conservative victory lay in delaying the election until the last possible moment in the autumn of 1964. This would allow other factors such as the return of economic prosperity and the modernisation theme to come to the fore. Home took this advice, despite Maudling's desire for an earlier election in February or June due to his concern for

the future state of the economy.(63) If Home took Butler's advice on this issue, he did so on few other domestic matters during his year as Prime Minister. Butler's appointment as Foreign Secretary formalised the move away from domestic affairs. He now sat on just one Cabinet Committee which directly related to his departmental responsibilities.

Home's inexperience in domestic politics meant that,

> ... the party seemed to lose its sense of what centrist policies had meant, as if its members no longer believed that there was a single Conservative tradition or common culture.(64)

In theory the presence of Maudling, Boyle, and Heath around the Cabinet table should have ensured the continued supremacy of Butler's brand of Conservatism. However, they sought to develop Conservatism along new lines. Butler did his best to keep up with the new trend in its early stages and to reconcile it with his own philosophy. However, he was not given the chance to give the Party a sense of direction in domestic matters and his public speeches were largely confined to his constituency. With Butler cast aside the Government lost his experience and skills in the art of politics, and in consequence made mistakes that could have been avoided. It was in this atmosphere that Butler first entertained the possibility of becoming Master of Trinity College, Cambridge.(65)

The shift in power to the younger generation was most clearly indicated in the appointment of Edward Heath as Secretary of State for Industry, Trade and Regional

Development and President of the Board of Trade. The implication did not escape the cartoonist, Cummings, who drew Heath carrying an enormous brief case marked SOSFITARDAPOTBOT compared with Butler's small one modestly marked FO.(66) Heath's brief was to promote economic modernisation and competition. However, it had two contradictory aspects, namely a shift towards free market economics in some areas, and a commitment to State intervention in other areas. It left many Conservative supporters feeling ambivalent and confused.

Its clearest illustration in 1964 was the Government's decision to abolish Resale Price Maintenance, the practice whereby manufacturers were able to fix the price of goods and prevent the slashing of prices by supermarkets. It exposed the historic tension at the heart of the Tory Party between protectionism and free trade. Butler had for a long time believed that abolition was in accordance with Conservative ideals of competition and consumer freedom, but had agreed with the Government's decision to refrain from action for fear of upsetting small shopkeepers, many of them prominent local Tories. The argument against abolition was therefore one of timing; that it was an unnecessarily divisive measure to bring forward a few months before the general election, and was best left until the new Parliament. It was a striking indication of the shift in power that in spite of the combined opposition of Butler, Quintin Hogg (formerly Lord Hailsham), Selwyn Lloyd, the Leader of the House of Commons, Redmayne, and Lord Blakenham (formerly John Hare), the new Party Chairman, Home, 'with

many misgivings', gave his backing to Heath and his supporters, Maudling, Boyle, Erroll, and Joseph. They regarded it as the only way to check an inflationary price spiral and to achieve faster economic growth, as part of a wider action against monopolies and restrictive practices.(67)

There was an outcry within the Conservative Party, many of whose members were small shopkeepers who feared being put out of business by the onset of the supermarket age. The timing of the bill so close to an election was widely regarded as deplorable, and it was one of the many factors contributing to the Conservative defeat in 1964. Butler attempted to make the best of a bad job by using the issue to rubbish Labour claims that the Conservative Government was a weary one waiting for its time to run out, and outlining its benefits for consumers.(68)

There was also a growing demand within the Party for trade union reform as strikes harrassed British industry. Government concessions to wage demands meant that, '... by the summer of 1964 top officials no longer bothered to pretend that an incomes policy existed.' Most notable among the conversions were Butler and Iain Macleod, both former Ministers of Labour. In a minute to the Prime Minister Butler argued that the Rookes versus Barnard legal judgement, regarding enforcement of closed shop agreements, provided an opportunity to establish a Royal Commission to revise the laws relating to trade unions. Such a move could

have been tied in with the abolition of resale price maintenance, as a recognised concern for the liberty of the individual, and would have put the Labour Party in the electorally damaging position of having to defend trade union abuses. Butler's suggestion would have given the Conservative Party an electorally popular initiative to promote during the election campaign. Party officials pointed to the conclusions of a major study of working class Conservatives, whose votes were vital if they were to be re-elected, which showed that although most of them were members of trade unions, they disliked or distrusted them. However, Joseph Godber, the Minister of Labour, won the Cabinet's agreement that a review of the law affecting trade unions and employers' associations should only be undertaken early in the life of the next Parliament.(69) Although the proposal was included in the Party's manifesto, the lack of tangible evidence of immediate action robbed the Party of an important electoral advantage.

Nevertheless, the economy appeared to be performing well. Maudling's 'dash for growth' had generated increased production, falling unemployment and a consumer boom. He sought to correct the consequent balance of payments difficulties with a mild increase in taxation in his April Budget. However, there was no serious attempt to hold back the accelerating trend of public expenditure, although Ministers were aware that there would have to be changes after the election. In April 1964 Sir Burke Trend, the Cabinet Secretary, predicted that,

> Whereas in the past the Government's spending

> policies have been financed by taxing growing wealth at reducing rates, the finance of existing policies in future will involve taxing growing wealth at increasing rates.(70)

Maudling felt the Government's spending plans were consistent with economic growth, and that they were a positive advantage in the battle with the Labour Party for the uncommitted votes. While Butler was concerned about the difficulties of reforming the welfare state, he told his constituents that,

> ... the past ten years have proved that sound Conservative policies have produced the great leap forward in living standards that Socialist theory sought but could not produce. In the same way, our present plans will show that Conservative prosperity can provide more social improvement, for example, in the fields of housing and education, than would ever be possible under Socialist direction.(71)

The Government was attempting to tackle Labour on its own ground, and left itself open to accusations, like those of Enoch Powell, that the Party had allowed itself to drift into competition with Labour on the common ground of planning and social democracy, when it ought instead to have examined its overlong commitment to the welfare state and the post-war settlement. These views represented the first counterblast of the new right thinking.(72) His criticisms struck a chord with traditional Tory supporters, who disliked radical change. Such expenditure also invited the question as to what the Tories had been doing for the past thirteen years, thereby giving credence to the Labour Party slogan, 'thirteen wasted years', and accusations of electoral stunts.(73) Butler was one of the few Ministers to recognise the danger of such accusations in the run up to the general election. He sought to counteract them by giving

the Government's record an ideological coherence.

Butler and the 1964 general election

In the final months of the 1959 parliament Butler outlined, in a number of speeches in his constituency, what he called the 'third dimension of politics' - the political philosophy and values which formed the basis of Conservative policies. Whilst he rejected the 'laissez faire' philosophy of Adam Smith, which he felt paid no attention to the needs of people, he also rejected the Socialist desire to govern by direction and controls, which led to the expansion of bureaucracy and higher taxes, and the restriction of individual freedom. Butler advocated the middle way in which the role of the State was to create the conditions in which individuals could flourish.(74)

Despite Butler's attempts to relate the Government's policies to the classical themes of Conservative philosophy, many people found it difficult to detect any major differences between the parties, and as a result the electorate was increasingly volatile with a large number of 'Don't Knows'. However, Conservative support in the opinion polls began to rise so that by September 1964 the Parties were practically neck and neck. A Gallup Poll in the Sunday Telegraph on the 27th September, reported a Conservative lead of 0.5 per cent, and on the 30th September a Daily Mail poll gave the Conservatives a lead of 2.9 per cent.(75) Butler was clearly right to press for a late election. He warned the Executive Committee of the National Union that,

with the parties having approximately the same share of definite supporters, everything depended on the success of the campaign leading up to the general election on 15th October.(76)

Butler suggested four main themes; more had to be made of the Conservatives' long record in Government in order to combat the 'time for a change' argument, by stressing their proven competence and experience. The emphasis had to be on the fact that people would continue to get what they wanted from the Tories - full employment, rising wages, good housing and education - and lose it under the Socialists. He feared that the public was now too used to better housing and schools, and more goods in the shops. Butler reiterated the warning he gave to his Saffron Walden constituents back in January that,

> ... the greatest difficulty facing the Tory Party today is the feeling that we are all prosperous now and so there cannot be much harm in giving the other side an innings.

Therefore, it was important to emphasise the differences in approach between the Parties; the Conservatives were the Party of individual freedom and choice, whereas Labour was the Party of State conformity and control. Butler was particularly concerned that some normally stalwart Conservatives had suggested that a small Labour majority would not be a bad result, as it would give the Conservatives the chance to recharge their batteries. He argued that there was a great deal to be lost by a Conservative defeat at this moment.(77) Strangely, Home chose instead to concentrate on the theme that Labour were

not fit to govern because of their proposed abandonment of Britain's independent nuclear deterrent.(78)

Butler was given very little encouragement to participate in the Party's electoral preparations and was an infrequent attender at Steering Committee meetings. According to one of his colleagues he had 'perceptibly lost status and heart' in the eyes of the Party organisation ever since his rejection. Butler spent most of the campaign in his constituency. He took part in only one Central Office press conference, and made a single fleeting appearance in one of the Party's five television election broadcasts. His major contribution to the campaign was an indiscretion. His remarks to George Gale of the Daily Express on 8th October, that things might slip away from the Tories in the last few days angered his colleagues for its defeatism.(79) However, it could be seen as a damage limitation exercise for the final result, which was as Butler had predicted.

The decisive factor appeared to have been Butler's fear, first expressed back in October 1959 and increasingly in 1963/4, that the public took affluence for granted and was more disposed to give the other side a chance. The 'time for a change' factor was very strong. For all his attempts to develop a non-materialist strategy, the main theme of the campaign from the vantage point of Conservative Central Office was economic prosperity. One Party official declared, 'We fought it like '59, not because we wanted to, but by default, we didn't know what else to do.' Economic prosperity did succeed in winning back some Tory votes, but

the publication of adverse balance of payments figures, and doubts about the permanence of the recovery were seized upon by the Labour leadership which succeeded, unlike in 1959, in presenting itself as a viable and united alternative government.(80)

In seeking to appeal to the widest possible cross section of voters it was arguable that the Conservatives fell between two stools. Home later felt that,

> we weren't able to make our policies sufficiently distinctive for the ordinary worker to understand the difference between Left wing Conservative and Right wing Socialist. There wasn't a clean enough cut. (81)

Newly-affluent workers, were attracted by Labour's promises to do more on social issues, such as housing and pensions rather than the Tory commitment to Britain's nuclear deterrent. In contrast, discontented middle-class Tory supporters wanted lower taxes and restrictions on welfare spending. They had their revenge as the Liberal vote nearly doubled from 6 per cent to 11 per cent.(82)

The Labour Party was returned to power after thirteen years with an overall majority of only four. As Labour had possessed a lead of 15 per cent in the polls in October 1963, the narrowness of the result overshadowed the 'calamitous' collapse of 6 per cent in the Conservative share of the vote, a loss of almost 1,750,000 votes since 1959.(83) For the first time in thirteen years the Conservatives were in opposition, and Butler was never again to hold Ministerial office.

Conclusion

The previous two years had seen Butler deeply involved in controversial changes in Conservative policy on Europe and the Empire. He was ambivalent about the Government's application to join the EEC, but his responsibility for oversight of the negotiations showed his inability to affect the outcome or advocate an alternative strategy in the event of Britain's failure. He was not directing policy anymore but reacting to events outside his control. The same was true, to a lesser extent, of his handling of the break-up of the Central African Federation. Both policies aroused the hostility of right-wing backbenchers and activists. Butler's preoccupation with foreign affairs meant that he was sidelined from exercising a decisive influence in home affairs, where the Government's poor handling of the economy and the Profumo scandal threatened its hold on power.

However, Butler had not entirely abandoned his leadership ambitions. He hoped to 'emerge' as the automatic successor, but Macmillan ensured his eventual failure by taking advantage of Butler's indecisiveness and his unwillingness to jeopardise Party unity. As Foreign Secretary in Lord Home's Government Butler sought to carve out an influential role as an elder statesman, but he found that his advice was largely ignored. He was no longer regarded as indispensable to the Tory Party's electoral fortunes.

Could the Conservatives have won the 1964 election with Butler as leader? Harold Wilson, the Labour leader,

certainly believed so. Butler's experience at home on domestic issues, and his public reputation was far greater than that of Home, who had to spend most of the year making himself known in the country. The mere fact of not having been an hereditary peer, would have made it more difficult for Wilson to portray the Tory leadership as a discredited 'old guard' whose time was up. Butler would have been more likely to win back the votes of the uncommitted centre ground of politics. Home came to believe that,

> ... as the public had seen Rab Butler as the heir apparent, it might have been better in the end for him to have had the job. Anyone else was seen in some sense as an 'unnatural' successor.

Butler also felt that he could have led the Party to victory and remained Prime Minister for three or four years before handing over to a younger person, probably Iain Macleod. Even Macmillan admitted that perhaps it would have been better for the Party if Butler had succeeded after all, '... then we could have won the election in '64... though we would have lost the next one.'(84)

Butler's trouble was not his lack of electoral appeal, but his lack of appeal within his own Party. He might not have been able to unite the Party and reassure the Party's traditional supporters as effectively as Home did.(85) However, the instincts of most Tories would probably have been to close ranks and unite behind Butler, and two of the Party's leading figures, Iain Macleod and Enoch Powell, would have remained in the Cabinet thereby avoiding a damaging split.

In defeat the descent from power was swift and painful, as Butler suffered his share of the blame for the Tories' defeat. He had hoped that his experience would prove valuable to his younger colleagues. However, no major role was envisaged for him since Christopher Soames had been promised the Foreign Office in a new Conservative Government. His desire to remain in the game, and his belief that he still had a contribution to make, as illustrated by his refusal of Home's offer of an Earldom, was soon disabused by his removal from the Chairmanship of the Advisory Committee on Policy (replaced by Edward Heath) and the Conservative Research Department.(86) The loss of the latter post must have been particularly painful for Butler after nineteen years which had ensured his rise to the top of Conservative politics, and the acceptance and electoral success of his brand of Conservatism. He disliked the rightward swing of Tory opinion and the way in which policy was developed through a vast complex of policy groups, frequently drawing their main strength from outside the party altogether, rather than through the medium of backbench committees in Parliament.(87)

Nevertheless, it was a sign of his continuing authority, in image if not in reality, that Home did not feel able to appoint another politician to the post, which was allowed to lapse. Home was not strong enough to drop Butler completely and he continued as the senior spokesman on foreign affairs, although there was little inclination on the part of the leadership to make use of him. He had speech notes drawn up

for the debate on the Address, but was not called upon to speak. Reginald Maudling, who was to pay a high price for the 1964 defeat himself, was appointed deputy leader, although Butler retained the deputy leader's room in the House of Commons.(88)

By the end of 1964, within two months of the Conservative defeat, Butler had suffered an irreversible decline in influence. He was by his nature unhappy in opposition for, '... his was essentially a creative nature, and the idea of opposing just for the sake of it was unattractive to him.' He soon came to the conclusion that there was no future for him at the top of Conservative politics, so he chose to leave the stage completely, by accepting the Mastership of Trinity College, Cambridge and a life peerage in January 1965. Butler had accepted that, '... there is a tide in the affairs of men,' and that his had passed.(89)

Notes for Chapter 5

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2. N. Fisher, **Harold Macmillan**, p. 319.

3. H. Evans, **Downing Street Diary**, p. 221, Diary entry, 7.10.62.

4. Conservative Party Archive (CPA), Bodleian Library, Oxford, Conservative Research Department Files (CRD), CRD 2/52/8, Minutes of the seventh meeting of the Chairman's Committee, 26.11.62.

5. Evans, op cit., p. 230, Diary entry, 25.11.62.; Butler Papers, RAB G38/30, Handwritten note, 1.12.62.

6. Butler Papers, RAB G40, Handwritten note, 7.3.63, reference to article in the **Sunday Times** by James Margach; R. Winstone (ed.), **Tony Benn Diaries, Out of the Wilderness 1963-67**, p. 7, Diary entry, 20.2.63.

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8. Horne, op cit., pp. 455-456, Macmillan Diary entry, 17.2.63.; **Sunday Telegraph**, cited in Ramsden, op cit., p. 176; A. Sampson, **Macmillan: A Study in Ambiguity**, p. 241.

9. Butler Papers, RAB G40, Handwritten note, 7.3.63.; Winstone, op cit., pp. 6-7, Benn Diary entry, 20.2.63.

10. R. Lamb, **The Macmillan Years**, p. 273, p. 277 & pp. 280-281; R. A. Butler, **The Art of the Possible**, pp. 210-230.

11. Butler Papers, RAB G38/10, Minute by Butler, 4.4.62.; RAB G40, Handwritten notes by Butler, 10.1.63. & 8.1.63.

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13. Public Record Office (PRO), Kew, Papers of the Prime Minister's Office (PREM 11), PREM 11/4202, Letter from the Chancellor of the Exchequer to the Prime Minister, 20.2.63.; Note for the Record of Meeting between the Prime Minister and the Chancellor of the Exchequer, 21.2.63.; Butler Papers, RAB G40, Typed note on Chequers meeting on future

policy, 28.4.63.

14. PRO, PREM 11/4202, Minute to D.J. Mitchell (Chancellor's Private Secretary), from Timothy Bligh (Prime Minister's Private Secretary), on meeting of Ministers, 1.3.63.

15. PRO, PREM 11/4202, Note for the Record of Meeting between the Prime Minister and the Chancellor of the Exchequer, 21.2.63.; CPA, CRD, 2/10/19 (File 4), TPC (63)3, 'Memorandum on Taxation Policy 1963',10.12.62.; PRO, PREM 11/4202, Minute to the Prime Minister from Bligh, 11.3.63.; R. Maudling, **Memoirs**, p. 112 & p. 116.

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17. Butler, op cit., p. 235.

18. Lamb, op cit., pp. 472-473, pp. 479-482.

19. Howard, op cit., p. 298, citing BBC Radio Profile, 29.6.78.

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25. Howard, op cit., p. 304; Butler Papers, RAB G40, Letter to Mollie Butler from Charles Fletcher-Cooke MP, 18.7.63.

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30. R. Winstone (ed.), Tony Benn, Years of Hope, Diaries, Papers and Letters 1940-1962, p. 418; Howard, op cit., p. 303.

31. Butler Papers, RAB G40, Confidential typed notes, 12.7.63. & 17.10.63.; & Handwritten note, c. 1.10.63.

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Conclusion

RAB Butler's position at the summit of Conservative politics for a generation has been misunderstood. He has been presented as the leading Tory advocate of what has been called the 'post-war consensus', though as we have seen, he was nothing of the kind. It is true that as head of the Conservative Research Department he engineered the Party's acceptance of a more interventionist economic and social policy, engendered by the second world war and the Labour landslide of 1945. Yet the notion of consensus against which his career is measured is itself hotly contested in terms of its definition, extent, or even if it existed. What has emerged from this thesis is that Butler's position was more complex than has previously been assumed.

It is clear that the Conservative Party developed a distinctive domestic agenda, which it hoped to put into practice after its return to office in 1951. This involved a shift away from the collectivist instincts of the previous Labour administration towards a society based more on individual responsibility and free enterprise. However, there was necessarily a divergence between aims and outcomes. Any clear-cut vision was blurred by the Tories' perception of their fragile electoral position, economic constraints, and the existence of disagreement at all levels within the Party on the best way forward.

The problem of interpretation is compounded by Butler's own reputation for evasion, which exasperated colleagues and

makes it difficult for the historian to know where he stood on certain issues. Such evasiveness damaged his leadership hopes. Having said that there was a superficial, imposed consensus or middle ground as a result of these constraints, there is enough evidence to conclude that Butler played an at times limited but always reluctant part in it. Instead he initiated important incremental changes in economic and social policy. It is fair to say that Butler's reputation for consensuality among contemporaries was imposed upon him by his colleagues: Macmillan obviously, Macleod predictably, and somewhat suprisingly, Churchill and Eden, and was then accepted uncritically by some historians.

With a narrow Parliamentary majority to defend and a precarious economic situation to contend with, Butler's colleagues, in his time as Chancellor of the Exchequer, regarded the electoral arguments in favour of domestic continuity as compelling. However, Butler moved to 'set the people free'. In the four years after the 1951 victory he swept away thousands of controls on production and consumption, and made progress towards his aim of sterling convertibility. The ROBOT plan, though abortive, showed his true colours in terms of his basic political outlook. While the Conservatives showed that they were just as able as Labour to manage the welfare state, Butler ensured that the emphasis was on maintenance rather than expansion. Welfare spending was kept to the minimum possible, so that by the mid-1950s it occupied a decreasing proportion of GNP, and substantial progress was made in reducing the burden of taxation. Improving living standards all round led Butler to

predict the doubling of the British standard of living within twenty five years. His success was recognised by Labour MP Richard Crossman, who wrote that,

> By demonstrating... that free enterprise is compatible with full employment and inequality with the welfare state, he has not only saved the Conservative Party from a self destructive adherence to principle; he has also weakened the Opposition by driving a wedge deep into the Labour Movement.(1)

Butler's rallying call to 'invest in success' was rewarded with an increased Conservative majority in the 1955 general election.

Not everyone would have agreed with Crossman. There was still a consistent body of middle class opinion which resented the high burden of taxation still falling upon them, in contrast to the advantage of higher wages steadily being gained by organised labour. The 'middle class revolt' was at its peak when in 1958 Chancellor Peter Thorneycroft and his Treasury team resigned over the Cabinet's refusal to agree to further spending cuts. Butler, being more of a pragmatist, was not prepared to accept the dogmatic implementation of electorally unpopular spending cuts. However, he did seek to make bold changes in the attempt to create an 'opportunity' as opposed to a 'welfare' state. He welcomed the Government's drastic reduction in subsidies for council house building and rents in favour of the private sector, and he continued to defend the principle of selective education. The introduction of graduated pensions and a 'contracting out' provision reflected Butler's belief in selective benefits to help those most in need, while encouraging those people who could to obtain services for

themselves. Individually such policies may not amount to much, but taken together they reaffirmed Butler's belief in traditional Conservative themes like freedom of choice, and individual opportunity and responsibility. The taking up of these policy positions should show that Butler's consensual reputation was unearned. He had used the mixed economy/welfare state, '... to maintain the differences of wealth and status which are essential to stability.'(2)

As Party Chairman after 1959, Butler became increasingly uncomfortable with the materialist 'never had it so good' emphasis of Conservative policy, which had secured an overwhelming victory for the Tories in the 1959 general election. Yet the Government embarked upon an expensive modernistaion programme in health, housing and education, combined with economic planning. It is possible that Butler changed his outlook and embraced this shift towards what has been called 'consensual' politics. However, on closer inspection this was more a shift of nuance than substance. He sought to develop an alternative strategy which emphasised individual responsibility and the 'spiritual'side of politics. Continuity rather than change marked Butler's outlook. His marked lack of enthusiasm for the 'new approach' was matched by the slowly perceptible decline in his influence over domestic affairs. Arguably the Tories paid the price for such a substantial departure from 'setting the people free'.

Unsurprisingly this more interventionist policy was met with

hostility by traditional Tory supporters, who could detect little difference from Labour policies. It was somewhat unjust that Butler was forced to take responsibility for a slump in the Party's fortunes which was none of his making, and he was removed from the Party Chairmanship, the Leadership of the House of Commons and the Home Office in quick succession. Although the Government eventually embarked upon a 'dash for growth', after a disastrous run of by-election performances and the 'night of the long knives', the 1964 election defeat confirmed Butler's fear that economic prosperity alone was no longer enough to regain the voters' loyalty.

Given this record it is hard to see how previous biographers have been able to label Butler as a consensus politician. Whatever 'consensus' might have been there were, as we have seen, better candidates who qualified for such a label. The most that can be said of Butler is that he was sensitive to the electoral implications of policies adopted, but that at heart he was a believer in the classic Tory themes of individual freedom and responsibility. This was not an unsubtle position, but it was difficult to perceive at the time, and was lost on many in his own Party (especially those on the right) due to his ambiguous character, his talent for indiscretion and mastery of the dubious compliment, which blurred his poltical positions. One much quoted Tory jibe went, 'Anyone who understands Rab Butler must be gravely misinformed.'(3) This damaged Butler most obviously over an issue of foreign policy, Suez, and contributed to Macmillan's accession in early 1957. Over the

longer-term his apparent failure to take up decisive positions on domestic policy also damaged his potential for becoming Party leader.

Butler's pragmatism, his attachment to the 'art of the possible' as a political maxim, was held against him as evidence of a lack of political conviction. To many contemporaries his effortless rise up the political ladder appeared to confirm, wrongly, a lack of core beliefs or 'backbone'. It seemed to explain the apparent ease with which he moved from Conservative orthodoxy in the 1930s, when he showed little interest in the interventionist economic policies propounded by Keynes, to apparent advocacy of more progressive ideas in the 1950s. There seemed to be no position which he believed was worth fighting for. Even his admirers, like Enoch Powell, were conscious that, 'He was not the kind of man for whom any cause - even his own - was worth fighting to the death, worth risking everything.'(4) This goes far towards explaining why Butler was passed over for the leadership of the Tory Party, not only in 1957 but also in 1963.

Given Butler's actual record in office, his problem should have been that of antagonising left wing, would-be progressive Tories. Actually, he usually managed to incur the resentment of right wing 'blue blood and thunder' Tories. Butler's pragmatism over the 1958 Treasury resignations was interpreted by some Tories as confirmation of his 'milk and water socialism'. In truth he was much

closer to the Thorneycroft position than his critics ever allowed, having rarely been an advocate of higher spending. It was unfortunate for his career that as Home Secretary Butler presided over a succession of liberalising reforms which, although they did not entail great expenditure, continued to antagonise the right. In foreign affairs, his opposition to the maintenance of white supremacy in the Central African Federation, and his role in its dissolution, reinforced right-wing misgivings and resurrected his 'Munichois' past. Even on the issue of Britain's application to enter the EEC, where Butler's reservations were more in tune with the feelings of Party workers, his political manoeuvring aroused suspicion. Thus, when it came to fighting for personal advantage rather than a policy position, Butler was unable to overcome the contempt of the Tory right, which was implacably opposed to his succession, or win over other potential supporters who were contemptuous of his manoeuvrings.

The importance of such hostility was evident not only when Macmillan succeeded Eden, but also when Macmillan chose to retire. The conventional view of the 1963 crisis has been that Butler abdicated from a job that was his for the taking. In reality, his intense disappointment in 1957 had encouraged a fatalistic streak in his character which countenanced the possibility of failure. There were more candidates than in 1957, which made it difficult to emerge decisively, and Macmillan did everything in his power to prevent Butler's succession. Had Butler refused to serve under Lord Home he might have secured the Premiership for

himself. However, his inability to be ruthless in his own cause meant that he was unwilling to force himself into the position against the clearly expressed wishes of many Conservative MPs.

A few months after Labour won the 1964 general election, Butler retired from politics to the Mastership of Trinity College, Cambridge. He was not busy to any great effect in his thirteen years as Master, which he described as being 'endless port and dignity'.(5) It is hard to avoid the conclusion that he was a disappointed man. In 1970 Cynthia Gladwyn observed that,

> Rab has to be seen to be believed: huge, shapeless, 'mal soigne', brooding on whether, had he refused to serve under Alec, he might now be Prime Minister.(6)

Butler's retirement at the relatively early age of 62 was the logical outcome of his rejection in 1963. As the momentum of Tory politics passed to a younger generation, Butler became something of a totem for those who felt the policies of Edward Heath, in his 'Selsdon Man' phase, and those of Margaret Thatcher, in all her phases, were too far to the right. His status as a left wing consensus politician was made. Seldom has a reputation been less well-deserved.

In a rare foray into politics, just two years before his death, Butler helped to defeat the transport clauses of the 1980 Education Bill. He declared that, 'Politics is not all intellect; politics is largely a matter of heart and people are feeling this deeply all over the country.'(7) This was characteristic of his political philosophy. While he was not

content to administer socialist policies, progress towards distinctive Conservative positions had to be balanced by their electoral consequences. It was perhaps for this reason that Butler always enjoyed greater support among the electorate than he did within the ranks of the Conservative Party, where such manoeuvring aroused suspicion and resentment. Had he become leader of his Party in 1963 this popular appeal - given the narrowness of Labour's victory - may well have been decisive in winning the 1964 general election, and his historical reputation would have been seen in a more favourable light by the modern Tory Party. However, defeat led to the perpetuation of an image of Butler that has for too long gone unchallenged. He pursued policies of a radical nature, but whatever he did was tempered by the realities of the political situation. In so doing, he helped to shift the 'post-war settlement' in a Conservative direction, while at the same time helping to maintain his Party in office for thirteen years. Although he failed to secure the premiership, he was still a formidable political figure. In terms of influencing and shaping the political agenda he was, for much of the period between 1951 and 1964 and despite numerous disappointments, 'the power behind the throne'.

Notes for Conclusion

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